

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

MONDAY, JUNE 24, 2024

1:02 P.M.

GERALD GOLDBERG AUDITORIUM

9646 BUTTERFIELD WAY

SACRAMENTO, CALIFORNIA

STENOGRAPHICALLY REPORTED BY:  
EMILY SAMELSON  
CSR NO. 14043

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**APPEARANCES**

**BOARD MEMBERS**

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

SALLY J. LIEBER  
Chairperson  
Board of Equalization

MICHELE PERRAULT  
Chief Deputy Director, 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

BRAD COUTINHO

ARMON MCCONNELL

VALORIE REYNON

MATTHEW MILLER

DOUG MIDDLETON

THI LUONG

ALAINA ANDREWS

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**APPEARANCES CONTINUED**

**STAFF CONTINUED**

MICHAEL BANUELOS

JEANNE HARRIMAN

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**ALSO PRESENT**

ERENDIRA LUNA (via telephone)  
Haven Neighborhood Services

RUBEN SANCHEZ (via telephone)  
Haven Neighborhood Services

DENNIS J. VENTRY

ERIN HOGEBOOM (via telephone)  
San Diego for Every Child

STEPHANIE LIEM (via telephone)  
GRACE/End Child Poverty California

YESENIA JIMENEZ (via telephone)  
GRACE/End Child Poverty California

DANIELLE BAUTISTA (via telephone)  
United Ways of California

MONICA LAZO (via telephone)  
Economic Security California Action

REBECCA GONZALES (via telephone)  
Western Center on Law & Poverty

AMERICA VALDIN (via telephone)  
Haven Neighborhood Services

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Sacramento, California

Monday, June 24, 2024; 1:02 p.m.

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DEPUTY CONTROLLER EMRAN: Good afternoon, everyone. We're going to call this meeting into order.

It's good to see everyone here huddled together on a hot, hot summer day. We're going to start off this meeting.

I'm joined here with Board of Equalization Chair Sally Lieber to my left. And to the right here is Chief Deputy Director for Policy, Michele Perrault, from the Department of Finance. Myself, Hasib Emran, I'm the California Deputy State Controller for Taxation. I'll be in this role, and the Controller will be joining us later on in this meeting.

So we're going to go ahead and get started. Would the Board Liaison please call the roll to determine if a quorum is present.

MS. RUBALCAVA: Member Lieber.

MEMBER LIEBER: Here.

MS. RUBALCAVA: Member Perrault.

MEMBER PERRAULT: Here.

MS. RUBALCAVA: Deputy Controller Hasib Emran.

DEPUTY CONTROLLER EMRAN: Present.

At least two members or their designated

1 representatives being personally present, there's a  
2 quorum, and the Franchise Tax Board is now in session.

3 Please, if you all can stand me -- can stand with  
4 me and join in the Pledge of Allegiance.

5 (Pledge of Allegiance stated in unison.)

6 DEPUTY CONTROLLER EMRAN: Thank you, everyone.  
7 I'm going to go over some housekeeping right here.

8 So good afternoon. Welcome to the Franchise Tax  
9 Board's June Board Meeting.

10 The public has a right to comment on each agenda  
11 item. If there are any members of the public wishing to  
12 speak on an item, please come forward when that item is  
13 called, and you will have three minutes to address the  
14 Board.

15 For today's meeting, members of the public who  
16 wish to comment via teleconference, please call  
17 (844)867-6169 and enter the access code of 8108363.  
18 Please be aware that there is a short delay between the  
19 web live stream and the live event.

20 If there are any members of the public wishing to  
21 speak on an item and you are using a translator or a  
22 translator service, you will have six minutes to address  
23 the Board. All speakers will be asked to identify  
24 yourself for the record.

25 Thank you, everyone, and we're going to move on

1 to our first item, which is Approval of the Board  
2 Meeting Minutes.

3 I'm going to turn to our members. Do we have any  
4 comments or questions?

5 MEMBER LIEBER: (Inaudible.)

6 DEPUTY CONTROLLER EMRAN: Thank you. We have a  
7 motion from Member Lieber.

8 Do we have a second?

9 MEMBER PERRAULT: Second.

10 DEPUTY CONTROLLER EMRAN: Thank you. We have a  
11 second here.

12 Is there any members of the public wishing to  
13 speak on this item in person on the teleconference line?  
14 We will first take members of the public on the phone  
15 line and then call on any members of the public in  
16 person.

17 (No response.)

18 DEPUTY CONTROLLER EMRAN: Seeing none in  
19 person --

20 PHONE OPERATOR: Members of the public --

21 DEPUTY CONTROLLER EMRAN: AT&T Operator, is there  
22 anybody online?

23 PHONE OPERATOR: Members of the public on the  
24 phone lines, if you would like to place yourself in the  
25 queue for public comment, as a reminder, you may press



1 1, then 0 at this time.

2 (No response.)

3 PHONE OPERATOR: No members of the public are  
4 queuing up at this time. Please continue.

5 DEPUTY CONTROLLER EMRAN: Thank you, Operator.  
6 Can the Board Liaison please call roll.

7 MS. RUBALCAVA: Member Lieber.

8 MEMBER LIEBER: Aye.

9 MS. RUBALCAVA: Member Perrault.

10 MEMBER PERRAULT: Aye.

11 MS. RUBALCAVA: Deputy Controller Hasib Emran.

12 DEPUTY CONTROLLER EMRAN: Aye.

13 MS. RUBALCAVA: Thank you.

14 DEPUTY CONTROLLER EMRAN: Thank you, Members.

15 So next we're going to move on to Agenda Item 2,  
16 a presentation regarding the FTB's 2023 Employee Awards,  
17 presented by Brad Coutinho. This is an informational  
18 item.

19 Brad, whenever you're ready, please begin.

20 MR. COUTINHO: Good afternoon, Board Members. My  
21 name is Brad Coutinho, and I'm an Attorney Supervisor in  
22 FTB's Legal Division.

23 I have the privilege of presenting a slide show  
24 that celebrates FTB's 2023 award recipients.

25 A defining aspect of Franchise Tax Board's

1 culture is acknowledging, appreciating, and celebrating  
2 those employees who provide a high level of service to  
3 our Department.

4 To offer exceptional products and services, you  
5 need exceptional individuals who go above and beyond  
6 their job responsibilities to meet the unique needs of  
7 the citizens of California. Today's presentation  
8 celebrates those exceptional individuals.

9 While FTB has several informal recognition  
10 programs throughout the year, today's presentation  
11 concerns FTB's four formal employee and supervisor  
12 recognition programs that celebrate those who brought  
13 their best in 2023.

14 The Superior and Sustained Superior  
15 Accomplishment Awards recognizes individuals and teams  
16 who make significant contributions to State government  
17 through exceptional job performance.

18 The Supervisory Bonus Award recognizes  
19 supervisors who demonstrate outstanding job performance  
20 and leadership.

21 The Large Team Award recognizes the  
22 accomplishments of large teams and project members and  
23 their contribution to the Department's mission, goals,  
24 and values.

25 In addition to contributing to the Department's

1 mission and values, the upcoming awards I will be  
2 sharing with you support FTB's strategic plan. FTB's  
3 strategic plan reflects FTB's four goals of exceptional  
4 service, effective compliance, strong organization, and  
5 operational excellence.

6 The individuals and teams you will see through  
7 the following slides have contributed to that  
8 excellence. This award program recognizes specific  
9 groups of FTB employees for their hard work, their  
10 dedication, and successful contributions as parts of  
11 teams large and small.

12 Without further delay, please join me in  
13 recognizing the recipients of the 2023 Superior,  
14 Sustained Superior, Supervisory Bonus, and Teams Awards.

15 (Video played.)

16 MR. COUTINHO: This concludes the award  
17 presentation today. Thank you again for allowing us to  
18 share our accomplishments. At this time, we're happy to  
19 answer any questions you may have. Thank you.

20 DEPUTY CONTROLLER EMRAN: Thank you, Brad. Thank  
21 you for the presentation and the very, very nice video  
22 reel.

23 I'll turn to my members. Do you have any  
24 questions or comments?

25 Member Perrault.

1           MEMBER PERRAULT: No questions but just want to  
2 reiterate the thanks. I really appreciate that FTB  
3 takes the time every year to acknowledge your staff and  
4 publicly acknowledge them in -- you know, in a venue  
5 like this.

6           So just congratulations to those who received  
7 awards, and then, again, thank you to the team for  
8 making sure that this is a priority.

9           DEPUTY CONTROLLER EMRAN: Thank you, Member  
10 Perrault.

11           Then we'll turn to Member Lieber.

12           MEMBER LIEBER: Thank you so much.

13           Well, I don't have questions, but I just wanted  
14 to offer my congratulations to everyone who is  
15 recognized and also my thanks for the job that you do  
16 every day. I know it's not easy, and I very much  
17 appreciate your public service.

18           And I think it's really reflected in the good  
19 comments that we get in each of our communities about  
20 the kind of service that the FTB provides and the  
21 support to Californians. So a really warm thank-you.

22           And if it's permissible, I would love to have us  
23 give them a round of applause.

24           DEPUTY CONTROLLER EMRAN: Yes, Member Lieber.

25           If there's members in the audience that are being

1 awarded today, can you please stand and be recognized,  
2 please.

3 (Applause.)

4 DEPUTY CONTROLLER EMRAN: Thank you, Member  
5 Lieber.

6 I just also want to extend my commendations and a  
7 big congratulations to all the people that are awarded  
8 today and those viewing online as well. It's always a  
9 big accomplishment to be recognized for your hard work  
10 and dedication.

11 And we're all State service employees here. We  
12 understand that, when we're doing this work, it's  
13 helping Californians. It's helping those that need it  
14 the most and also moving our state forward.

15 So once again, a big, big congratulations. I  
16 just want to thank every single person for being here  
17 and those viewing online on this recognition.

18 And also recognition for the Leadership Team too.  
19 You're doing a great, great job here, Selvi and Jozel  
20 and Shane, and the work speaks for itself. Thank you so  
21 much.

22 So we're going to move on, if there's no other  
23 questions or comments.

24 Is there any members of the public wishing to  
25 speak on this item in person or on the teleconference

1 line? We'll first take members of the public on the  
2 phone line and then call on members of the public in  
3 person.

4 PHONE OPERATOR: Members of the public on the  
5 phone lines, if you would like to place yourself in the  
6 queue for public comment, as a reminder, you may press  
7 1, then 0 at this time.

8 (No response.)

9 PHONE OPERATOR: No members of the public are  
10 queuing up at this time. Please continue.

11 DEPUTY CONTROLLER EMRAN: Is there anybody in  
12 person that wants to give a few comments here? Please,  
13 feel free. Get on TV.

14 (No response.)

15 DEPUTY CONTROLLER EMRAN: Seeing none, we're  
16 going to move on to our next item. Okay.

17 We're going to move on to Item 3 on this agenda,  
18 is a presentation of the 2024 Filing Season Update,  
19 presented by Armon McConnell and Valorie Reynon. This  
20 is an informational item.

21 And we can go ahead and start when you're ready.

22 MR. MCCONNELL: Good afternoon, Deputy Controller  
23 and Board Members. My name is Armon McConnell, and I am  
24 from the Processing Services Bureau in the Filing  
25 Division.

1 Today I'm here with Valorie Reynon from the  
2 Statewide Collection Bureau in the Accounts Receivable  
3 Management Division to share information about the  
4 2024 filing season.

5 This year we welcome the return to a much more  
6 familiar filing season. With April 15th remaining as  
7 the filing due date, we were able to focus on ensuring  
8 our operations ran smoothly and seamlessly, resulting in  
9 a very successful 2024 season.

10 We took the opportunity to plan enhancements to a  
11 few of our critical public services. At FTB, we use the  
12 term "One FTB" to highlight team work. Across several  
13 divisions, we supported each other's operations to  
14 ensure we provided maximum levels of access at our  
15 contact centers and overall excellent customer service  
16 to our customers throughout the filing season.

17 For example, members of our Accounts Receivable  
18 Management Division lent their expertise in customer  
19 service to assist our Filing Division Contact Center to  
20 ensure the taxpayers of California received the help  
21 they needed to file accurate and timely returns this  
22 season. We are grateful to our dedicated team members  
23 willing to step in and support our operations. It was  
24 definitely a One FTB Enterprise effort.

25 Next, I'd like to highlight some of our filing

1 season achievements.

2 To better assist the taxpayers of California and  
3 provide expanded access to our services, our general  
4 customer service phone line and chat were open one  
5 additional hour, until 6:00 p.m., from April 2nd through  
6 April 15th.

7 Our Tax Practitioner Hotline was open one  
8 additional hour, until 6:00 p.m., from March 1st through  
9 April 15th.

10 Both services were available on the April 1st  
11 holiday for Cesar Chavez Day and Saturday, April 13th,  
12 from 8:00 a.m. to 5:00 p.m.

13 Our online self-service options remained  
14 available 24 hours a day, 7 days a week.

15 Now, I would like to highlight some of our  
16 website and self-service tools.

17 We continue to take every opportunity to promote  
18 and improve upon self-service tools, including  
19 accessible and easy-to-understand information on the  
20 web. This includes our MyFTB and online payment  
21 options, to name a few.

22 We have exciting stats to share. Taxpayers  
23 successfully visited our website 16 million times. They  
24 accessed our Web Pay application 2 million times. Our  
25 Check Your Refund application had 3 million views. And



1 our MyFTB application was accessed 2 million times.

2 Next, I'll cover some return processing  
3 highlights.

4 FTB continued to see an increase in the use of  
5 our electronic filing options as taxpayers filed by the  
6 April due date. 16 million personal income tax returns  
7 were filed, 97 percent of which were filed  
8 electronically, a slight increase over last year.

9 11 million refunds were issued. 86 percent of  
10 them were issued by direct deposit.

11 And 5 million tax payments were received.  
12 72 percent were received electronically, compared to  
13 64 percent last year.

14 As an essential service for our customers, our  
15 contact center provides an exceptional customer  
16 experience. We have service channels for customers who  
17 choose not to use self-service options. These include  
18 direct phone numbers, a virtual hold callback option,  
19 and in-office appointments.

20 I want to share some notable results from our  
21 contact center.

22 This season we answered 260,000 calls, and our  
23 level of access was 50 percent.

24 We answered 72,000 chats, with a level of access  
25 of 70 percent.

1           Our average wait time was approximately  
2 16 minutes on the phone and 6 minutes for chat.

3           We strive to provide excellent customer service.  
4 I would like to share with you some feedback from our  
5 customers during the filing season.

6           "I always get nervous about tax prep and  
7 management for my tiny company, but every interaction  
8 with FTB over the years has been helpful and calm and  
9 professional and informative. The online access and  
10 chat make it so much easier. Thank you."

11           "I didn't even know I could ask the California  
12 Franchise Tax Board questions and was glad to see the  
13 chat link. Thanks for saving me the potential cost of  
14 having to ask or hire an accountant just for a few  
15 simple questions. Thanks again."

16           "Thank you for being open the Saturday before tax  
17 day. It was great to get service when I needed it."

18           Now I want to turn the presentation over to my  
19 partner, Valorie Reynon. She will share information  
20 about our public counters, how we have helped those  
21 impacted by disasters, and our programs designed to aid  
22 California taxpayers.

23           MS. REYNON: Thank you, Armon.

24           Good afternoon, esteemed Board Members. As Armon  
25 mentioned, my name is Valorie Reynon, and I am a Section

1 Manager in the Accounts Receivable Management Division.  
2 Thank you for the opportunity to present this update to  
3 you today.

4 Our public counters are essential to our  
5 operations and have achieved significant accomplishments  
6 this year, which I'm excited to highlight. Our public  
7 counters have served over 17,000 customers during this  
8 filing season.

9 We are dedicated to assisting customers through  
10 scheduled appointments at our offices across California.  
11 Taxpayers can schedule appointments using the automated  
12 system on FTB's website or by contacting a  
13 representative at our contact center or field office.

14 Our appointment system has enhanced the customer  
15 experience for our customers and decreased wait times.  
16 We are proud to have maintained a 94 percent approval  
17 rating from our public counter customers. We have  
18 received positive feedback and a four-and-a-half-star  
19 rating on the appointment scheduling experience.

20 During this filing season, our public counters  
21 consistently delivered exceptional customer service to  
22 assist our valued customers. We have received numerous  
23 customer comments, and we are proud to share a few of  
24 those positive comments.

25 "At my appointment, the staff was super friendly

1 and helpful. It couldn't have been a better  
2 experience."

3 "Employees are very knowledgeable and  
4 professional and made things so easy for me to  
5 understand. I really appreciate it. Thanks a lot."

6 "Excellent customer service."

7 FTB collaborates with other State agencies at  
8 local assistance centers, LACs, and disaster recovery  
9 centers, DRCs, to aid taxpayers impacted by disasters.  
10 These centers are crucial in assisting survivors in the  
11 aftermath of catastrophic events like fires, floods, or  
12 earthquakes.

13 At these centers, FTB employees offer survivors a  
14 range of information, such as guidance on claiming  
15 disaster losses, acquiring copies of tax returns and  
16 forms, or update their addresses.

17 For the 2024 filing season, 8 FTB staff members  
18 supported 668 taxpayers at 7 LAC and DRC centers.

19 The Franchise Tax Board participates in various  
20 programs to assist California taxpayers, such as the  
21 Volunteer Income Tax Assistance, or VITA, program. VITA  
22 has successfully provided services to taxpayers in their  
23 local communities. Volunteer tax preparers help  
24 individuals file their federal and state tax returns  
25 accurately, ensuring they receive all the benefits

1 available to them.

2           Here are some highlights from the VITA program  
3 from this filing season. There were almost 1,900  
4 trained volunteers and site coordinators, including  
5 91 FTB employees. 27 of these individuals were  
6 first-time volunteers. The volunteers participated in  
7 over 48 in-person events. In addition, FTB volunteers  
8 and FTB VITA staff prepared approximately 4,400 federal  
9 and state tax returns for FTB employees.

10           Moving to our next program, the California Earned  
11 Income Tax Credit, or CalEITC, provides a tax credit for  
12 those earning 30,000 or less per year. Over 2.9 million  
13 returns were filed this year claiming CalEITC, with over  
14 342,000 qualifying for the Young Child Tax Credit.

15           Over 4,500 taxpayers also qualified for the  
16 Foster Youth Tax Credit.

17           In total, over 1.1 billion dollars were awarded  
18 to taxpayers who qualified for these programs.

19           CalFile is another important application that  
20 provides a free filing option for the California tax  
21 return. This year 90,000 returns were filed via  
22 CalFile.

23           As FTB celebrates the completion of another  
24 successful filing season, we are pleased to look back at  
25 all we have accomplished. FTB's collaborative culture

1 ensures the best assistance and utmost support to  
2 California's taxpayers. This was demonstrated by the  
3 partnership between the Filing and Accounts Receivable  
4 Management Division Contact Centers, which ensured the  
5 maximum level of access for our customers.

6 We continue to serve the citizens of California  
7 with the excellent customer experience received at our  
8 public counters, assisting disaster survivors at local  
9 assistance and disaster recovery centers and providing  
10 help with the preparation of federal and state tax  
11 returns by our VITA volunteers.

12 We extend sincere appreciation to our committed  
13 team members who make this possible. We are One FTB.

14 On behalf of the Department, thank you for  
15 allowing us to present our filing season achievements  
16 that benefit the taxpayers of California and highlight  
17 our dedicated employees. We truly appreciate your  
18 ongoing support and are happy to address any questions  
19 you may have.

20 DEPUTY CONTROLLER EMRAN: Thank you. Thank you,  
21 Armon and Valorie. I really appreciate that very, very  
22 insightful and detailed presentation.

23 I'm going to turn to my members here. Do you  
24 have any comments or questions?

25 Member Lieber.

1 MEMBER LIEBER: I don't have any questions but  
2 just wanted to commend all the staff that are working  
3 under pressure during the return season to get that  
4 amount of throughput. It really is something  
5 prodigious, and I'm very proud of the staff that are at  
6 the FTB. So thank you.

7 DEPUTY CONTROLLER EMRAN: Thank you, Member  
8 Lieber.

9 I'm going to turn to Member Perrault.

10 MEMBER PERRAULT: Same. No questions, but  
11 congratulations on making it through what was a normal  
12 filing year. Us at Department of Finance, in  
13 partnership, are glad that, while I'm sure your staff is  
14 really tired and exhausted at this point, we were glad  
15 that it was a little bit more normative.

16 But just thank you, and thank you all for the  
17 great work.

18 DEPUTY CONTROLLER EMRAN: Thank you.

19 I also just want to recognize all the employees  
20 here and everyone that's viewing online. This is the  
21 second largest tax department in the country and it runs  
22 like a well-oiled machine. We work so closely with the  
23 federal IRS for a reason. They rely on us and we rely  
24 on them to get the work done.

25 And I got a chance to tour the Franchise Tax

1 Board facilities many times. I just want to commend and  
2 recognize everyone that's clocking in at 5:00 a.m.,  
3 6:00 a.m., working on the weekends and late nights. I  
4 think it's pretty, pretty incredible when you look at  
5 the entire operations of this agency and this filing  
6 season.

7 Like Member Perrault was saying, I'm so glad  
8 everything went back to normal but that unprecedented  
9 times in 2023 really show that this Franchise Tax Board  
10 can step up in times of crisis. So I really want to  
11 thank you all.

12 And I also want to recognize the time for San  
13 Diego County as well. I know that was -- that got  
14 closed out in June. So just a job, all-around, very,  
15 very well done, and thank you. Thank you so much.

16 So we're going to move on here and we're going to  
17 see if there's any members of the public wishing to  
18 speak on this item in person or on the teleconference  
19 line. Let's start with the teleconference line first,  
20 please.

21 Operator.

22 PHONE OPERATOR: Members of the public on the  
23 phone lines, if you would like to place yourself in the  
24 queue for public comment, as a reminder, you may press  
25 1, then 0 at this time.



1 (No response.)

2 PHONE OPERATOR: No members of the  
3 public -- actually, we will have a question from the  
4 public. Going to the line for Erendira Luna.

5 Please go ahead.

6 MS. LUNA: Hello. My name is Erendira Luna. I  
7 work with Haven Neighborhood Services.

8 Thank you to the Franchise Tax Board for this  
9 meeting and for all the information available for us. I  
10 just wanted to comment on the CalFile system and see if  
11 it's -- just to bring it up, integrate it with the  
12 federal filing system.

13 DEPUTY CONTROLLER EMRAN: Excuse me, Miss.

14 MS. LUNA: I do believe it would be easier --.

15 DEPUTY CONTROLLER EMRAN: Miss, can I just stop  
16 you for a second? That item is going to be called up at  
17 Item Number 7, if you're able to call back at the  
18 appropriate time. Number 6 -- excuse me -- Item  
19 Number 6, CalEITC Filing Initiatives.

20 If you can call back at that time, just so your  
21 response is recorded under the record, please.

22 MS. LUNA: Okay. No worries. Sorry about that.

23 DEPUTY CONTROLLER EMRAN: Thank you.

24 MS. LUNA: Thank you.

25 DEPUTY CONTROLLER EMRAN: Operator, is there

1 anybody else on the line?

2 PHONE OPERATOR: Yes. Going to the line for  
3 Ruben Sanchez.

4 Please go ahead.

5 MR. SANCHEZ: Yeah. I just want to thank  
6 everybody for their great work in this tax season. Love  
7 everything you guys did, and continue the support.  
8 Thank you.

9 DEPUTY CONTROLLER EMRAN: Thank you, caller.  
10 Appreciate that.

11 Operator, is there anybody else on the line?

12 PHONE OPERATOR: No more members of the public  
13 are queuing up at this time.

14 DEPUTY CONTROLLER EMRAN: Thank you, Operator.

15 Is there anybody in person that wants to speak on  
16 this item? Please feel free. Going once, going twice.

17 (No response.)

18 DEPUTY CONTROLLER EMRAN: We're going to move on.  
19 Okay. Thank you so much. We're going to close out this  
20 agenda item.

21 And we're going to go on to Item Number 4 now.  
22 It's a presentation on the MICE Initiative Update. This  
23 is presented by Matthew Miller and Doug Middleton as an  
24 informational item.

25 If you can please find your way to the dais.

1 Thank you.

2 MR. MILLER: Good afternoon, Deputy Controller  
3 Emran and Members of the Board. I'm Matthew Miller from  
4 the Business Entity Tax Bureau of the Legal Division.  
5 And my co-presenter today is Doug Middleton from the  
6 Individual and Pass-Through Entity Audit Bureau of the  
7 Audit Division.

8 We're here to provide you an update on FTB's  
9 initiative related to micro-captive insurance  
10 transactions and syndicated conservation easement  
11 transactions. Although these are two distinct  
12 transactions, our initiative refers to them as MICE  
13 transactions.

14 Over the next few minutes, I'll provide some  
15 background about the initiative and the transactions at  
16 issue, and Doug will provide an update on the  
17 initiative's progress, including some preliminary  
18 quantitative data.

19 First, some background on the initiative.

20 On May 31st, 2023, FTB issued Notice 2023-02, in  
21 which FTB provided taxpayers the opportunity to  
22 voluntarily resolve potentially abusive micro-captive  
23 insurance and syndicated conservation easement  
24 transactions. Taxpayers who participated in these  
25 transactions were invited to enter into closing

1 agreements with the FTB in which they agreed to reverse  
2 their deductions and costs related to the MICE  
3 transactions and pay any additional taxes and interest  
4 charges related to these reversals. In exchange, FTB  
5 reduced certain penalties.

6 FTB Notice 2023-02 gave eligible taxpayers from  
7 July 10, 2023, through November 17th, 2023, to submit  
8 closing agreements for the resolution of eligible  
9 transactions; to provide all documents related to those  
10 transactions; and to pay all tax, penalties, and  
11 interest or enter into a payment plan of one year or  
12 less.

13 Due to the public's interest in the initiative,  
14 on November 13th, 2023, FTB issued Notice 2023-03, which  
15 extended the participation period through January 31st,  
16 2024.

17 Next, I'll provide you some background on the  
18 transactions at issue.

19 A captive insurance company is a wholly owned  
20 subsidiary created to provide insurance to its parent  
21 company or companies. A captive insurance company is  
22 typically established to meet the unique risk management  
23 needs of the owners or members of large companies. It  
24 is taxable at regular corporate rates under Internal  
25 Revenue Code, or IRC, Section 831(a).

1           A micro-captive insurance company is different,  
2 in that it is typically accomplished to meet the unique  
3 risk management needs of the owners or members of  
4 smaller companies.

5           Qualifying micro-captive insurance companies may  
6 elect special treatment under IRC Section 831(b),  
7 permitting them to exclude premium income from tax and  
8 only include their investment income from income tax  
9 purposes. In other words, the micro-captive's  
10 underwriting income -- that is, the difference between  
11 earned premiums and incurred losses -- is exempt from  
12 federal and state income tax.

13           The IRS has identified micro-captive insurance  
14 transactions as having the potential for tax avoidance  
15 or evasion, where the way the contracts are interpreted,  
16 administered, and applied are inconsistent with  
17 arm's-length transactions and sound business practices.

18           A micro-captive insurance transaction may be  
19 abusive when a parent company uses one or more  
20 micro-captives to insure itself against nonexistent or  
21 nominal risks at a cost that is exponentially more  
22 costly than a real insurance risk premium.

23           Typically, the parent company retains its  
24 third-party insurance contracts and causes the  
25 micro-captive to use nontaxable premium income for

1 purposes other than administering and paying claims  
2 under the micro-captive insurance contracts.

3         Instead, the micro-captive uses the premium  
4 income to benefit the parent company or related persons,  
5 such as through transfers of the premium income to  
6 themselves in a manner that the company contends is not  
7 taxable, such as via loans. Meanwhile, the parent  
8 company deducts the premium as ordinary and necessary  
9 business expenses under IRC Section 162.

10         Thus the parent company receives two separate  
11 unwarranted benefits: one, excessive false business  
12 deductions and, two, the use of an untaxed investment  
13 fund. As a result, the transaction is not a valid  
14 insurance transaction but, rather, an abusive tax  
15 avoidance transaction.

16         Syndicated conservation easement transactions  
17 utilize charitable contributions for unwarranted  
18 deductions rather than insurance premiums.

19         Federal and California laws allow a charitable  
20 deduction for the appraised value of a real estate  
21 interest contributed to a qualified organization  
22 exclusively for conservation purposes.

23         Under IRC Section 170(h) (2) (C), a qualified real  
24 estate interest includes a perpetual restriction on the  
25 use of such real estate, also known as an easement. An

1 easement exclusively restricting land use to  
2 conservation purposes is known as a conservation  
3 easement.

4           In a standard conservation easement, a landowner  
5 who gives up development rights for their land, usually  
6 by donating those rights to a nonprofit land trust,  
7 receives a charitable deduction in return. When a  
8 conservation easement is used as Congress intended, the  
9 public and the owner of the property benefit. A piece  
10 of pristine land is preserved, sometimes as a park that  
11 the public can use or as a wildlife preserve, and the  
12 donor receives a commensurate tax deduction.

13           In a syndicated conservation easement, a promoter  
14 purchases vacant land that is worth very little, puts  
15 the land into a business entity such as an LLC, and  
16 hires an appraiser willing to declare that it has huge,  
17 previously unrecognized development value, perhaps for  
18 luxury vacation homes or a solar farm, and it's  
19 therefore worth many times its purchase price.

20           The promoter sells interests in the business  
21 entity that owns the overvalued real estate to  
22 individuals who are then able to claim charitable  
23 deductions four or five times the size of their  
24 investment. The taxpayers receive bogus charitable  
25 deductions, and the promoters reap substantial fees for

1 their improper activities.

2 The IRS has repeatedly identified micro-captive  
3 insurance transactions and syndicated conservation  
4 easement transactions as bogus tax avoidance strategies  
5 on its annual "Dirty Dozen" list of tax scams.

6 Doug Middleton will now talk about the FTB  
7 initiative's preliminary results.

8 MR. MIDDLETON: Good afternoon, Members. My name  
9 is Doug Middleton. It's my privilege to share our  
10 preliminary results.

11 FTB mailed letters to about 3,000 taxpayers who  
12 may have participated in these potentially abusive  
13 transactions. Historically, we've considered a  
14 3 percent participation rate in our initiatives a  
15 success. But in this initiative, we were hoping for a  
16 response rate as high as 5 percent, or about 150  
17 taxpayers.

18 We're pleased to inform the Board that our  
19 participation rate exceeded expectations. We received  
20 242 closing agreements covering 762 tax years. This  
21 amounts to a participation rate of about 8 percent.

22 As you can see from the slide, so far, the  
23 initiative has yielded more than \$28 million for almost  
24 4.3 million in penalties, for a total of over  
25 \$33 million paid by participating taxpayers. And these



1 amounts do not include the interest that's accrued on  
2 these liabilities.

3         Thus far, the resolution program has resulted in  
4 many benefits to these taxpayers. The program resolved  
5 762 tax years, which is at least that many tax returns,  
6 for 242 taxpayers. The program saved these taxpayers  
7 the time and expense of audits, of potential protests,  
8 and potential administrative and civil litigation.

9         The program saved taxpayers millions of dollars  
10 in tax shelter penalties like the NEST penalty, which  
11 can be as much as 40 percent of the understatement of  
12 tax, and potentially the interest-based penalty, which  
13 can be 100 percent of the accrued interest.

14         The program provided final resolutions for  
15 multiple tax years on single closing agreements. For  
16 example, in one closing agreement, one taxpayer resolved  
17 10 tax years in a single agreement and avoided the cost  
18 of preparing and filing 10 years of amended tax returns.

19         The resolution program has also resulted in many  
20 benefits to the people of California. The program saved  
21 millions of dollars in FTB resources that would have  
22 been necessary to audit 762 returns; to handle the  
23 likely protests, appeals, and litigation of audits'  
24 proposed assessments; and then to collect the taxes,  
25 penalties, and interest on those assessments.

1           The program freed up FTB resources to pursue  
2 compliance issues for other taxpayers and tax years.  
3 And the program reduced California's tax gap by more  
4 than \$28 million. The program may also deter future  
5 participation in these abusive tax schemes.

6           This program's success would not have been  
7 possible without the support of this Board, FTB's senior  
8 management team, and the tireless dedication of  
9 countless staff members. Members from every FTB  
10 division contributed to this effort, and we're proud of  
11 the seamless and cross-divisional collaboration that  
12 made this initiative successful.

13           Audit and Legal Division staff are continuing to  
14 process and review these closing agreements, and we're  
15 committed to FTB's mission of helping taxpayers pay the  
16 correct amount of tax and fund California's many  
17 important services.

18           Thank you for the opportunity to share this  
19 update on this valuable initiative, and we are happy to  
20 answer any questions you may have at this time.

21           DEPUTY CONTROLLER EMRAN: Thank you, Matthew and  
22 Doug. I really appreciate that very thorough and  
23 in-depth presentation. I think you hit on a lot, a lot  
24 of good points.

25           So I'm going to turn to my members here. Do you

1 have any comments or questions?

2 Member Lieber.

3 MEMBER LIEBER: I would just like to offer my  
4 kudos to all the staff involved. I think it's a great  
5 day when we can shut down abusive situations and not  
6 have to pursue illegitimate operations with staff  
7 resources. So thank you.

8 DEPUTY CONTROLLER EMRAN: Thank you, Member  
9 Lieber.

10 I also just want to commend the Franchise Tax  
11 Board team for this excellent report and pointing out  
12 that approximately \$33 million in additional taxes and  
13 penalties have been recovered to the State due to the  
14 enforcement of the Franchise Tax Board.

15 I think the Controller and I both have made it a  
16 primary objective of this administration to ramp up  
17 enforcement operations to target taxpayers who have  
18 partaken in deceptive business practices and abusive tax  
19 schemes, including business records. Under no  
20 circumstances will this be tolerated, and we'll utilize  
21 every legal recourse to make sure that the State is  
22 whole.

23 So once again, just want to thank you. I'm  
24 pleased that the parties came to the table as well and  
25 that you took the time to figure this out. So just want

1 to thank you again for your presentation.

2 We're going to go ahead and turn to any members  
3 of the public on the teleconference line.

4 Do you have a comment, Operator?

5 PHONE OPERATOR: Members of the public on the  
6 phone lines, if you would like to place yourself in the  
7 queue for public comment, as a reminder, you may press  
8 1, then 0 at this time.

9 (No response.)

10 PHONE OPERATOR: No members of the public are  
11 queuing up at this time. Please continue.

12 DEPUTY CONTROLLER EMRAN: Is there anybody in the  
13 audience that wants to give a comment? Going once,  
14 going twice.

15 (No response.)

16 DEPUTY CONTROLLER EMRAN: Okay. That will close  
17 out this item.

18 Thank you, gentlemen, for your presentation  
19 again.

20 So before we move on to the next item, I just  
21 want to check in here. This is a good time, halfway  
22 through our meeting, to take about a five-minute recess.

23 So it's 1:44 right now. If everyone can gather  
24 back at 1:50, that would be great. Thank you so much.  
25 We're on recess.

1 (Break taken.)

2 CHAIRPERSON COHEN: Good afternoon, ladies and  
3 gentlemen. Let's go ahead and reconvene today's  
4 meeting.

5 I want to recognize my Deputy Controller, Hasib,  
6 for stepping in in my absence. Thank you very much.

7 Next, we're going to hear Item 5, Administrative  
8 Matters. First, we have Thi Luong and Alaina Andrews  
9 presenting the Conceptual 2025-2026 Budget Change  
10 Proposal. This is an information item.

11 And then, finally, we'll hear from Michael  
12 Banuelos, who will then present on Contracts for over \$2  
13 million for Board approval. Thank you.

14 MS. LUONG: Thank you. My name is Thi Luong,  
15 Director of the Financial Management Bureau. And with  
16 me is Alaina Andrews, FTB's Budget Officer.

17 Today we are presenting the budget change  
18 concepts under development for fiscal year '25-'26. If  
19 appropriate, we will be returning to the September Board  
20 meeting with fully developed proposals for your  
21 approval.

22 For fiscal year '25-'26, we have identified seven  
23 concepts for development.

24 The first concept is the Enterprise Data to  
25 Revenue 2, also known as EDR2. In 2007, the Franchise

1 Tax Board created a tax systems modernization plan which  
2 outlined a multi-phase project to modernize our aging IT  
3 systems, enhance compliance activities, and improve  
4 taxpayer services.

5 The first phase, EDR1, successfully laid the  
6 foundation for a consolidated platform across our common  
7 business functions and delivered a new tax return  
8 processing system that made processing returns more  
9 efficient and also improved data capture.

10 The current phase, EDR2, builds on the platform  
11 by delivering enterprise case management and modeling  
12 services for our audit, filing enforcement, and  
13 underpayment functions, as well as expanding self-  
14 service options. This proposal will address the  
15 resources required for the fifth year of the  
16 implementation of the EDR2 project.

17 Concept Number 2 is the Political Reform Audit  
18 Resources. This proposal will request additional  
19 resources and funding for working-level auditor  
20 classifications, which are needed to timely and  
21 effectively complete mandated audits, as required in  
22 Section 90001 of the Political Reform Act.

23 I will now turn it over to Alaina to cover  
24 Concepts 3 through 7.

25 MS. ANDREWS: Good afternoon.

1           Concept Number 3 is for Financial Information  
2 System for California, or FI\$Cal, 2.0. This proposal  
3 requests resources and funding to continue supporting  
4 the Financial Information System for California and  
5 comply with statewide accounting, procurement, and  
6 budgeting policies.

7           Concept Number 4 is for Mainframe Storage  
8 Hardware and Software Refresh. This proposal requests  
9 funding to replace end-of-life mainframe hardware and  
10 software that stores and backs up critical information  
11 for current business processing and recovery during a  
12 disaster or ransomware attack.

13           Concept Number 5 is for Campus Security Guards.  
14 This proposal requests funding to procure security  
15 guards for the Santa Ana Field Office and to fund  
16 increased costs for the Central Office security guards  
17 to obtain qualified security for monitoring and  
18 protecting FTB's vital infrastructure, work processes,  
19 and staff.

20           Concept Number 6 is for Field Office Leases.  
21 This proposal requests funding to address private lease  
22 cost increases for New York, Houston, and Van Nuys Field  
23 Offices to provide adequate office space for staff,  
24 store confidential documents, and secure IT equipment.

25           And Concept Number 7 is for Contact Center

1 Platform and Customer Callback Software Refresh. This  
2 proposal requests funding for increased costs for  
3 FTB's Contact Center platform, or CCP, software,  
4 subscriptions and application support services, and to  
5 refresh the end-of-life CCP integrated software that  
6 allows customers to receive a callback instead of  
7 waiting on hold for assistance. The callback feature  
8 increases the level of access, decreases repeat calls,  
9 avoids toll costs to FTB, and improves customer service.

10 We appreciate your support and are happy to  
11 answer any questions you may have.

12 CHAIRPERSON COHEN: Great. Thank you very much  
13 for the presentation.

14 Colleagues, do you have any questions? Pretty  
15 straightforward.

16 Question?

17 (No response.)

18 CHAIRPERSON COHEN: All right. Let's move to the  
19 Contracts.

20 Mr. Banuelos, we always leave you to do the heavy  
21 lifting.

22 MR. BANUELOS: Hopefully this is short but quick  
23 for you guys.

24 CHAIRPERSON COHEN: All right.

25 MR. BANUELOS: Good afternoon, Madam Chair and



1 Board Members. My name is Michael Banuelos, and I am  
2 the Director of the Franchise Tax Board's Procurement  
3 Bureau.

4 I am here today to present one contract over  
5 \$2 million for the Board's approval.

6 I am asking for approval to enter into an  
7 interagency agreement with the California Department of  
8 Community Services and Development to support the  
9 California Earned Income Tax Credit program, also known  
10 as CalEITC.

11 The administration's current fiscal year '24-'25  
12 budget includes \$10 million in education and outreach  
13 funds for CalEITC. CalEITC is a refundable credit for  
14 qualified low- to moderate-income working Californians.  
15 Annually, FTB partners with CSD to distribute the  
16 education and outreach funds to nonprofit organizations  
17 through CSD's existing grant processes.

18 The proposed agreement is for \$10,548,000, and  
19 this includes \$10 million to be distributed, as well as  
20 reimbursement for CSD's operational costs during the  
21 '24-'25 fiscal year.

22 The final amount of the agreement will be subject  
23 to the details of the enacted budget and CSD's operation  
24 expenses.

25 I'm glad to answer any questions you may have

1 about this agreement that I am presenting for your  
2 approval today.

3 CHAIRPERSON COHEN: Chair Lieber, do you have any  
4 questions?

5 MEMBER LIEBER: I don't have a question but very  
6 much appreciate hearing this item, as well as the budget  
7 change proposals.

8 Obviously, this is a direction that we really  
9 need to be moving in to be facilitating those  
10 partnerships with the community organizations. So thank  
11 you.

12 CHAIRPERSON COHEN: Question? No?

13 Mr. Banuelos, I actually have two questions for  
14 you.

15 First, I just was curious to know if you could  
16 walk us through what are some of the positive impacts of  
17 an interagency agreement with CSD?

18 MR. BANUELOS: The positive impacts?

19 CHAIRPERSON COHEN: Uh-huh.

20 MR. BANUELOS: I probably would start with FTB is  
21 pretty mature, I would say, in the procurement area of  
22 doing IT projects, things of that nature, things to  
23 support our daily operations here.

24 Probably where we don't have a lot of experience  
25 and where we really need to rely on CSD is to work with

1 those community-based organizations and nonprofit  
2 organizations on how to get the word out at those  
3 levels. They're better versed in that because of the  
4 processes and the money that they already distribute  
5 through other grant programs. So that's the number one  
6 benefit.

7 I think Jeanne is going to get into some things  
8 that we're doing here at FTB, but they also do other  
9 things that are more at the local level that help  
10 support that.

11 So that's probably what I would say is the main  
12 benefit of this.

13 CHAIRPERSON COHEN: And so going a little bit of  
14 a step further, what are the positive impacts of not  
15 just the interagency agreement with CSD but in expanding  
16 outreach for Cal -- the CalEITC program?

17 MR. BANUELOS: I'm sorry. Can you repeat that  
18 question, ma'am?

19 CHAIRPERSON COHEN: Yeah.

20 So in expanding the outreach for the CalEITC  
21 program, how will this interagency agreement benefit  
22 particularly with CalEITC?

23 MR. BANUELOS: So all the money is geared for  
24 CalEITC. I think in the legislation, it also says --  
25 somewhere in the budget bill, it says something about

1 Volunteer Income Tax Assistance. But this is money that  
2 is directly going to grantees for those purposes, for  
3 EITC, as well as I believe -- the language in the budget  
4 is slightly different every year. I think this year it  
5 says EITC and VITA. Those are for direct dollars that  
6 go out for education outreach for those specific  
7 programs.

8 CHAIRPERSON COHEN: Okay. And so what criteria  
9 does CSD implement in choosing which nonprofits to  
10 receive grants?

11 MR. BANUELOS: Sure. It's very similar to what I  
12 would call one of our procurements that we do here.  
13 It's got a different title and a little bit of a  
14 different spin.

15 What they did in 2021 is they released a  
16 document. I think it's part of their standard processes  
17 that they use. It's called a Notice of Funding  
18 Availability. So it's -- in essence, it's a  
19 solicitation document that says "Hey, here's X number of  
20 dollars that we are allotting to education and outreach  
21 funds."

22 They're looking at that and they're breaking it  
23 up into geographic distributions based on metrics that  
24 they're able to get. I think the last one they did was  
25 in 2021.

1           And then they have the grantees submit proposals,  
2 which are then scored by CSD staff as well as a couple  
3 of the FTB staff to figure out who we think is going to  
4 be the most successful in getting the word out on EITC.

5           CHAIRPERSON COHEN: All right. Thank you very  
6 much.

7           All right. Seeing no other questions, we are  
8 going to go ahead and take a pivot to public comment.

9           All right. We're going to take public comment  
10 from the folks that are in the chamber here today first.

11           Anyone?

12           (No response.)

13           CHAIRPERSON COHEN: All right. Seeing no one  
14 rushing to get to the microphone, let's go to online.

15           Operator, is there anyone online for public  
16 comment?

17           PHONE OPERATOR: Members of the public on the  
18 phone lines, if you would like to place yourself in the  
19 queue for public comment, as a reminder, you may press  
20 1, then 0 at this time.

21           (No response.)

22           PHONE OPERATOR: No members of the public are  
23 queuing up at this time. Please continue.

24           CHAIRPERSON COHEN: All right. Thank you.

25           So we're going to go ahead and I'll take a motion

1 to a motion -- a motion to accept the recommendation  
2 that Mr. Banuelos presented on dealing with contracts  
3 over \$2 million, requesting Board approval.

4 Is there a motion?

5 MEMBER LIEBER: So moved.

6 CHAIRPERSON COHEN: Motion made by Sally Lieber.

7 Is there a second?

8 MEMBER PERRAULT: Second.

9 CHAIRPERSON COHEN: All right. Thank you very  
10 much.

11 Would you like to call the roll.

12 MS. RUBALCAVA: Member Lieber.

13 MEMBER LIEBER: Aye.

14 MS. RUBALCAVA: Member Perrault.

15 MEMBER PERRAULT: Aye.

16 MS. RUBALCAVA: Chair Controller Malia Cohen.

17 CHAIRPERSON COHEN: Good -- aye. Good afternoon.

18 MS. RUBALCAVA: Thank you.

19 CHAIRPERSON COHEN: All right. This motion  
20 passes unanimously.

21 Thank you very much. Let's go to the next item.

22 MR. BANUELOS: Thank you.

23 CHAIRPERSON COHEN: Thank you.

24 All right. Next item we have is Item 6, CalEITC  
25 Filing Initiatives. I've been looking forward to this.

1 I hope you have.

2 All right. So, folks, what we're going to do is  
3 we're going to have a report on the status of the  
4 implementation of the concepts presented in the FTB's  
5 Senate Bill 1409 report to the legislature to increase  
6 claims for the California Earned Income Tax Credit.

7 And don't be disappointed, but this is only an  
8 informational item presented. And we've got our good  
9 friend Jeanne Harriman presenting.

10 Oh, sorry. Super -- BOE Member, Chair, would you  
11 like to make some opening remarks?

12 MEMBER LIEBER: Surely.

13 Well, thank you so much, Madam Chair and staff.  
14 I so much appreciate the efforts that staff has put into  
15 getting the CalEITC out to more people in our  
16 communities.

17 And since I came on to the FTB at the last  
18 meeting, I've been very, very mindful of the limited  
19 amount of time that we're here. And at our last  
20 meeting, I talked about how getting more financial  
21 support out to the working poor in California really is  
22 my top objective.

23 And so I requested this item so that we could all  
24 hear from Ms. Harriman about the current efforts and  
25 also hear from practitioners and our nonprofit partners

1 about the incredible need to ensure that we are in  
2 alignment with the IRS and that we, as swiftly as  
3 possible, have a prepopulated form.

4 I was just talking to my staff before we came in  
5 here and said how lucky we are to be able to be the ones  
6 that can carry the ball and voice the concerns of those  
7 in California who don't have the privileges that we  
8 have. And I think back to times in my youth when our  
9 family really talked about whether or not we would have  
10 what we called enough money to eat on.

11 And so this is something that touches me very  
12 deeply. I have a lot of preprepared remarks for  
13 Mr. John Thiella, but I just wanted to take this moment  
14 to speak from the heart and say how vitally important  
15 this is. And this is really our time to make a  
16 difference to people who will never be in this  
17 auditorium, will never know our names, will never know  
18 who provided the needed bit of empowerment and  
19 assistance to them, but their lives will be better for  
20 this. And every ounce of energy and commitment that we  
21 can put into this is so much needed.

22 And I note that currently, nationwide, I think  
23 it's over \$750 million goes to paid tax preparation,  
24 coming off the kitchen tables of those who can least  
25 afford it. And so every single thing that we can do to



1 supercharge our efforts in this regard will be worth it,  
2 very, very much so.

3 And I know in talking to Ms. Harriman in  
4 preparing for this meeting that she has got that sense  
5 of urgency as well. And so I'm looking forward to your  
6 presentation. Thank you.

7 MS. HARRIMAN: Thank you for that introduction.

8 Yes. As mentioned, I'm Jeanne Harriman, Chief  
9 Financial Officer here at Franchise Tax Board.

10 I'll just say, since 2015, many of us at FTB have  
11 had the privilege of digging in on this topic, making  
12 sure that we are getting out the word with everybody and  
13 anybody that will partner with us to help these families  
14 in need, recognizing that -- I hear time and time again,  
15 even amongst our own staff that are involved in this  
16 program, "I came from a poverty-based background" --  
17 right? -- "I know how important this was to my family,"  
18 if they would have gotten some sort of subsidy like this  
19 or themselves individually at the table, saying, "This  
20 is very helpful."

21 So very much appreciate how important it is for  
22 many Californians across the state that are struggling  
23 on a daily basis. And this credit does provide a little  
24 bit, hopefully just enough to get them some additional  
25 food or anything else that they need.

1           So let me jump right into the presentation. But  
2 thank you for that introduction.

3           So, again, we'll be discussing our work regarding  
4 enhancing the outreach and increasing uptake for the  
5 California EITC tax credit, commonly referred to as  
6 CalEITC.

7           Throughout the presentation today, I'll be  
8 mentioning credits on some parts of the presentation,  
9 and in others I'll reference a family of credits. The  
10 reference to "family of credits" includes all three of  
11 those credits that you see on the slide before you, as  
12 we don't just take an opportunity to advocate for one.  
13 We take an opportunity to advocate for all three of them  
14 in our materials and our outreach efforts.

15           So significant efforts over the last year by  
16 Franchise Tax Board. Our key partners operating local  
17 community-based organizations and many advocacy groups  
18 have ensured Californians are aware of these California  
19 credits, as well as comparable federal credits, and  
20 ensure they are also provided information on ways to  
21 file their tax return for free.

22           As Michael mentioned in the past presentation, we  
23 have worked extensively with the advocacy groups that  
24 have retained those grants probably close to five years  
25 now. We've got a great relationship with them. They

1 lean on us for what they need. We lean on them for what  
2 we could use and see in the communities. And best of  
3 all, they are boots on the ground within those  
4 communities. They speak the language. They know what  
5 their constituents need, which is phenomenal work to see  
6 in progress there.

7           So in 2020, FTB was tasked with working with  
8 various leaders across California to determine how we  
9 could further enhance outreach and awareness of  
10 California's anti-poverty credits that provide crucial  
11 assistance to many families and individuals in need.

12           In January of '22, FTB issued a report to the  
13 legislature offering insight into eight different  
14 concepts wherein the State could choose to pursue unique  
15 approaches to expand awareness of the credits and  
16 eliminate perceived barriers that discouraged or  
17 prevented taxpayers from filing their tax returns to  
18 claim these anti-poverty credits.

19           In the two short years since we published that  
20 report, FTB has worked extensively with stakeholders on  
21 which concepts to pursue. We've had great success  
22 moving forward with several of these concepts, while  
23 others are not likely to be pursued due to reduced  
24 benefits or increased risk to the State or taxpayers  
25 themselves. Several of these concepts we've put great

1 effort into, with visible successes, thus allowing  
2 individuals and families to benefit from these credits  
3 when otherwise they may have gone without.

4 I would like to share an update on several of  
5 these topics addressed in the report.

6 First, I would like to talk about our outreach  
7 campaign that FTB does. Franchise Tax Board is now  
8 moving into our second year of outreach wherein we send  
9 letters to taxpayers.

10 As you can see on the presentation materials, in  
11 2023, FTB sent almost 400,000 letters to individuals  
12 who, based on information we have, appear eligible for  
13 the credit but have not yet filed a return and to those  
14 who have filed a return, appear eligible based on that  
15 return information to claim the credit, but ultimately  
16 did not claim that credit. In these letters we  
17 encourage them to file a return using the various free  
18 filing options that we've told them about, or we  
19 encourage them to file an amended return included with  
20 the letter that we send.

21 Last year FTB saw a response rate, as you can  
22 see, ranging from 2 to 5 percent, which is considered a  
23 very successful campaign, based on information available  
24 for other outreach programs similar to the ones that we  
25 did across the nation.

1           This program resulted in ensuring taxpayers who  
2 were eligible for these credits claimed an additional  
3 \$2 million that allowed them to better provide for their  
4 families or themselves. We're very much looking forward  
5 to year two.

6           In the last several years, FTB has also partnered  
7 with our sister agency, the California Department of  
8 Social Services, to provide information to them  
9 regarding select behavior patterns of their program  
10 participants.

11           During 2023, the Department of Social Services  
12 reached out to over 1.4 million program participants via  
13 text, email, or voicemail messages. They had a response  
14 rate of roughly 2.9 percent, or 41,000 individuals  
15 responding to that outreach. However, due to the lack  
16 of data, it is unclear how many of these individuals who  
17 responded to CD- -- to the California Department of  
18 Social Services went on to both file a tax return and  
19 qualify for any of the anti-poverty tax credits.

20           Finally, in the last legislative session, we were  
21 able to successfully amend the statutes to require all  
22 employers in California, as well as public program --  
23 public assistance program administrators, to notify  
24 their employees and program participants twice a year,  
25 both in January and March, that these various federal

1 and state tax credits existed and also take an  
2 opportunity to promote free filing.

3           The simplified filing concept is a key strategy  
4 that focuses on making tax return filing to claim these  
5 credits as simple as possible. FTB is in full support  
6 of this concept. The easier we can make it to file and  
7 pay, the easier it is for these taxpayers to meet their  
8 obligations.

9           Quite a bit of discussion occurred last year on  
10 how the State could do this. Simultaneous conversations  
11 were also occurring at the federal level as to what the  
12 IRS might do to simplify filing, including offering a  
13 free filing portal for federal tax returns.

14           With the IRS work on this related effort,  
15 California pivoted to pursuing a solution for this  
16 concept that would ensure taxpayers could file both a  
17 California and a federal return together through one  
18 application as simply as possible. Any solution  
19 California was discussing only focused on the filing of  
20 a California tax return and, while helpful, ultimately  
21 could confuse or disadvantage Californians if they did  
22 not, in fact, take all the necessary actions to file  
23 both returns.

24           As you may know, the IRS did successfully deploy  
25 a free filing tool as a pilot last year, and you also

1 heard an update on this at our March Board meeting. On  
2 May 30th, the IRS did announce that, with the success of  
3 the pilot, this would now become a permanent tool  
4 available to taxpayers to file their federal tax return  
5 for free.

6           Additionally, on May 30th, the Senate and  
7 Assembly both approved funding for Franchise Tax Board  
8 to allow Franchise Tax Board to integrate our CalFile  
9 application with the IRS Direct File portal for the 2025  
10 tax year.

11           Additionally, on June 15th and just yesterday,  
12 Assembly Bills 107 and 108 respectively, as well as the  
13 parallel Senate bills, were introduced, providing FTB  
14 necessary resources to engage in integration activities.  
15 These funds include activities -- funding to allow us to  
16 integrate, as well as the all-important customer service  
17 emphasis that is needed to really truly make this  
18 program a success.

19           We continue to wait with everybody else what the  
20 final approval of the state's budget will be, but in the  
21 interim, we are continuing to engage with the IRS on  
22 next steps for them and for us and ensuring that they  
23 are available to assist us with the work we need to do  
24 to curate a secure bridge between our systems that  
25 allows taxpayers and tax data to flow securely from the

1 IRS to the Franchise Tax Board. We look forward to the  
2 days ahead as we dive into this effort.

3 I'll conclude with sharing our thanks to the  
4 many, many, many leaders across the state that are  
5 focused on these efforts. Some of the community-based  
6 organizations and advocacy groups include the Economic  
7 Security California Action group, Golden State  
8 Opportunity, numerous United Way branches, and Code for  
9 America, to name only a few of these that we have  
10 developed in-depth partnerships with and have been at  
11 the table with them for many years in figuring out how  
12 to make this program be a better program for  
13 Californians in need.

14 We appreciate the dedication and partnership to  
15 date and look forward to continuing together, to work  
16 with them, as well as you, in the future to enhance the  
17 uptake of the CalEITC family of credits. Together, we  
18 will continue to move the needle towards success.

19 Thank you for your time today. And with that,  
20 I'm happy to answer any questions that you have.

21 CHAIRPERSON COHEN: Thank you. I have a few  
22 questions. And I appreciate your enthusiasm in your  
23 presentation but also the optimism as we look to the  
24 future, because I think this is a fantastic program. I  
25 want to commend the FTB and the Executive Director for



1 centering this important initiative forward. And  
2 only -- you could only imagine what we would be able to  
3 do, the number of families we would be able to reach if  
4 we actually had the adequate amount of resources.

5 With that, I also want to recognize the amount of  
6 advocates that are organizing across -- around this  
7 state around this really important program.

8 So I want to take a step on a deeper level and  
9 raise a few questions. First topic is the simplified  
10 filings.

11 In regards to simplified filings, other states --  
12 and we talked about this before in the previous  
13 presentation. But other states like Maryland and  
14 Illinois have rolled out targeted EITC programs.

15 And so, for example, a California resident who  
16 claimed the federal EITC but did not file a California  
17 state income tax return, they first receive a letter.  
18 They first receive letters -- right? -- explaining that  
19 they might be eligible for the tax credit, as well as a  
20 form with their tax information already prefilled out  
21 for them on their behalf.

22 Taxpayers could simply review it for accuracy,  
23 sign the letter, and mail it back to the FTB; or they  
24 can scan -- or even scan the document and email it back  
25 to FTB.

1           There -- my question is are there any strategies  
2 or pilot programs in place around prepopulating state  
3 tax return based on the IRS data?

4           MS. HARRIMAN: So good question. There's a  
5 couple points in there that I just want to pull apart  
6 and make sure.

7           New York and Illinois -- we've had pretty good  
8 discussions with them over the years in regards to their  
9 programs versus ours; right?

10           One of the reasons why New York and Illinois have  
11 been so successful in some of their outreach campaigns,  
12 over a 50 percent response rate, is because they have a  
13 credit at the state level that is a percentage of the  
14 federal credit. They get 30 percent of the credit.  
15 They get half of the credit within those states. And so  
16 the states just have to look at the IRS amount of credit  
17 that was allowed, and then they just do a haircut,  
18 depending on whatever the math equation is; right?

19           California is unique from that perspective, is  
20 that we are not, under statute, a percentage of the  
21 feds. We actually have a credit that is actually  
22 broader based to our citizens than the federal does,  
23 particularly in regards to immigrants, who are allowed  
24 the California credit, versus at the federal level,  
25 where they are not. And there's other different

1 calculation nuances as well that makes it hard to have  
2 the success that you see and hear about in New York and  
3 Illinois.

4         As far as prepopulating returns -- right? -- we  
5 have done a lot of work in that arena. I would say  
6 that -- I would say there's, to be honest with you,  
7 successes and not successes that we've had. We have  
8 worked with our sister agencies to get some of their  
9 data that we haven't had access to in the past. That  
10 data is able to be used but not in the way that we would  
11 like to.

12         For example, California Department of Social  
13 Services that I spoke to -- right? -- we do get some  
14 data. However, their data is based on household, which  
15 means anybody that aggregates in a single household for  
16 a meal. And when you think of what that means for tax  
17 return filing, we do not have that definition of who can  
18 file a joint return.

19         And a lot of their data, they may have a group of  
20 four individuals that live together. They could be  
21 college roommates. They could be a husband and a wife  
22 and two children. They can be a grandmother and their  
23 daughter and their grandchildren; right? But the  
24 relationships within that data are not defined as well.  
25 And so we don't know who is married. We don't know who

1 the parent of the child is in order to evaluate  
2 dependency status. So there is imperfect information  
3 that comes across in those groups.

4 While we use that information to the best we can  
5 to get an idea of who might be eligible for the credit  
6 that we might do outreach to, we have not believed and  
7 many of our stakeholders that we've talked to about this  
8 have not believed that that data is sufficient enough  
9 and accurate enough and complete enough in order to  
10 really give an understanding to the taxpayer base of  
11 what their filing status would be and what that credit  
12 amount is.

13 And the last thing we want to do is send a letter  
14 in the mail that says "Oh my gosh. You're eligible for  
15 a \$3,000 credit," and then they fill out the form and  
16 it's like 20 bucks; right? Nobody feels good after  
17 that. Nobody feels good after that.

18 So we want to make sure that we're not misleading  
19 taxpayers but we are also finding them and doing  
20 outreach, which you saw the results on our -- on the  
21 earlier slide in regards to some of that outreach, where  
22 the folks hadn't filed but we believe they're eligible  
23 either based on data we have or data that we have gotten  
24 from the California Department of Social Services.

25 So, hopefully, that answers your question.

1           CHAIRPERSON COHEN: That does answer my question.  
2 Actually, I think it sheds a lot of light on the  
3 differences, the importance of data and the  
4 difference --

5           MS. HARRIMAN: Definitely.

6           CHAIRPERSON COHEN: -- between our database,  
7 Illinois, Maryland, some of the other states that are  
8 considered to be a little bit more successful.

9           Uh-huh.

10          CHAIRPERSON COHEN: Now, I guess the next  
11 follow-up question would be is there a way for us to  
12 begin to change our database or change our query so that  
13 we're able to get this information so that, at some  
14 point in the future, these forms will be able to  
15 populate automatically?

16          MS. HARRIMAN: So another good question. So last  
17 year we spent a lot of time on that with many advocacy  
18 groups and the legislature and folks in the  
19 administration, anybody who wanted to come to the table  
20 to talk about that.

21          So we did not find a way around the pitfalls of  
22 the household information and the inaccurate descriptors  
23 that might be present or not present in the California  
24 Department of Social Services database; right? But what  
25 we did do, when we heard the IRS was going to be putting

1 forward the Direct File portal that allowed taxpayers  
2 to -- a simpler way to file -- right? -- so all of the  
3 data that taxpayer input for their federal return  
4 eventually, as California moves to integration with this  
5 product, all of that data will come back over to us.

6 And so that eliminated and actually probably  
7 stopped quite a bit of the conversations that were going  
8 on at that point about a prepopulated tool that we might  
9 have.

10 We still have the effort ongoing in our outreach  
11 letters, and we will continue to do so. And to the  
12 extent that we can find a good estimate for a credit, we  
13 will continue to put that out on the floor for  
14 taxpayers -- excuse me -- in letters that we give to  
15 them. So we're going to continue that. But as far as  
16 prepopulation of tax returns, we've actually at this  
17 point pivoted to getting ready to go forward with  
18 integration with Direct File through CalFile and then  
19 continuing our outreach summer program.

20 CDSS, as I mentioned, California Department of  
21 Social Services -- sorry, my acronyms -- they're going  
22 to continue their outreach program to their folks that  
23 are program participants and have not filed; right?  
24 That's who they focus on; right? They've had some good  
25 successes. Even if you can't see it all the way from

1 point A to Z, you can see that they're getting people to  
2 pay attention to the outreach and reaching out to file a  
3 return, get more information, go to a preparer, go to an  
4 online service, go, now, to the Direct File portal and  
5 come through to CalFile, exactly.

6 So, hopefully, those are all efforts that enhance  
7 taxpayers' willingness to engage and prepare and file  
8 that return that they need to to grab these credits.

9 CHAIRPERSON COHEN: All right. Thank you. I'm  
10 going to have to jump in here, because I have -- we'll  
11 be here all day.

12 MS. HARRIMAN: We could be.

13 CHAIRPERSON COHEN: I have several questions.  
14 So, Jeanne, I need succinct answers. Okay? Thank you.

15 Okay. So FTB supported an expansion of programs  
16 aimed at giving people assistance with filings, such as  
17 a software design to make filing -- such as a software  
18 design to make filing easier.

19 I think you touched a little bit upon that in  
20 that previous answer, but here's a question.

21 Does VITA help with this information -- this  
22 information-gathering, help populate our own database on  
23 tax filers?

24 MS. HARRIMAN: It does not.

25 CHAIRPERSON COHEN: Okay.

1 MS. HARRIMAN: So I can leave it at that succinct  
2 answer or -- I don't know how far you want me to go.

3 CHAIRPERSON COHEN: Thank you. I'm trying to do  
4 this for everyone. We'll be here all day. This is an  
5 expert on this subject matter.

6 Okay. It does not. Okay.

7 Can you tell me in one sentence why it does not?

8 MS. HARRIMAN: Sure.

9 CHAIRPERSON COHEN: Thank you.

10 MS. HARRIMAN: So, usually, taxpayers are coming  
11 there to file returns. And so what we get as a  
12 presentation from that activity is an actual tax return.

13 CHAIRPERSON COHEN: Okay.

14 MS. HARRIMAN: So what we are trying to find with  
15 the prepopulated are those that would never go to VITA  
16 in the first place; right? Specifically --

17 CHAIRPERSON COHEN: Different world.

18 MS. HARRIMAN: Uh-huh.

19 CHAIRPERSON COHEN: Okay. All right. Now I'm  
20 going to pivot, and I want to move to a topic that I,  
21 you know, always ask questions about, and it has to do  
22 with language access barriers.

23 For taxpayers whose first language is not  
24 English, are there tax forms available in multiple  
25 languages? I believe the answer is yes on that.



1 MS. HARRIMAN: So --

2 CHAIRPERSON COHEN: Are there tax filing -- are  
3 there tax forms available in multiple languages?

4 MS. HARRIMAN: So both at the federal and state  
5 level, unfortunately, the most general answer would be  
6 no. And typically, when trying to file with a tax  
7 administrator, they are in English -- right? -- as  
8 required by law and, of course, by the numerous systems  
9 for storing that data that comes off those returns;  
10 right?

11 So we have a website for CalEITC. It comes in --  
12 there are seven different languages that staff -- that  
13 the user can use to convert that to a language that,  
14 hopefully, they understand, and that's helpful.

15 And then, also, we are -- the website, our  
16 website itself, can be used and translated via Google  
17 Translation, which has 133 different options as well.

18 CHAIRPERSON COHEN: Okay.

19 MS. HARRIMAN: So --

20 CHAIRPERSON COHEN: All right. That's promising.

21 MS. HARRIMAN: Yeah. And then we're following  
22 CD- -- the Department of Public Health's Gen AI effort  
23 that is attempting to translate materials into  
24 (inaudible) languages. So we're watching that to see  
25 how that goes, and that may inform some things that we

1 can do as well.

2 CHAIRPERSON COHEN: That's good. And for the  
3 members of the public that are wondering, the top  
4 languages that are spoken in California are: obviously  
5 English, Spanish, Chinese, Tagalog, Vietnamese, Farsi,  
6 Armenian, Arabic, and Hindi.

7 I want to move on to one question about grants.

8 The grants that you mentioned are given to both  
9 public and private grantees.

10 Can you tell me a little bit how they're funded?

11 MS. HARRIMAN: So the grants are funded at the  
12 state level. That is the 10 million figure that you  
13 heard Mr. Banuelos present in the prior item; right?

14 CHAIRPERSON COHEN: Uh-huh.

15 MS. HARRIMAN: That figure has gone up and down  
16 over the years. So the State funds it, and then that  
17 money is in FTB's, Franchise Tax Board's, budget.

18 And then we again partner with Community Services  
19 Development to allocate that money out based on  
20 geography, based on census tracts for poverty-stricken  
21 families in their own area, as well as the commitments  
22 that the grantees can make to make improvements either  
23 for outreach or free tax prep or I-10 issuances within  
24 those jurisdictions.

25 CHAIRPERSON COHEN: All right. Let me check.

1 Colleagues, do you guys have questions?

2 MEMBER LIEBER: I do.

3 CHAIRPERSON COHEN: Okay.

4 MEMBER LIEBER: Just one question.

5 CHAIRPERSON COHEN: Okay. Please.

6 MEMBER LIEBER: AB 107 and 108 and the  
7 corresponding Senate bills, they are still envisioning  
8 an integration of CalFile with Direct File in terms of  
9 prepopulation in 2026.

10 Is that still the date?

11 MS. HARRIMAN: That is correct. So the 2025 tax  
12 year, which begins to be filed January 1 of 2026, or  
13 shortly thereafter. Yes. That is correct.

14 MEMBER LIEBER: Okay. And what would we need to  
15 do on our end to get agreements signed with the IRS more  
16 quickly to -- I guess it's up to the legislature at a  
17 certain level to, you know, dictate when that money is  
18 spent for the full integration, in terms of  
19 prepopulation.

20 But my concern is that we may have a change in  
21 federal administration to an administration that is not  
22 friendly to the programs of the IRS, is not friendly to  
23 the needs of California. And the longer, in my view,  
24 that we sit on that window, we're risking a lot. We're  
25 risking at least a four-year wait, which would be

1 catastrophic for families with young children.

2           And so I wonder, what are the strategies that we  
3 could use to do this more quickly and to get to the end  
4 result of prepopulation in 2025?

5           MS. HARRIMAN: Yeah. So thank you for that  
6 question. That's actually been a very popular question  
7 that we've spent several months with our stakeholders  
8 that have asked us that question. So I appreciate the  
9 concern.

10           So to date, what we have seen and had many  
11 discussions -- right? -- when a legislative proposal  
12 comes to us, we have said, "What can you do and how fast  
13 can you do this?"

14           And we say, "We can do this, and this is the  
15 date" -- right? -- "that we can do it by."

16           So we did take a look to say how can we do this  
17 with a sense of urgency; right? How quickly can we do  
18 it, and what does it mean to do it sooner; right? And  
19 so all of that information kind of flowed from us to our  
20 stakeholders that asked this question.

21           And ultimately, it was decided that we have a lot  
22 on our plate. This is first-time work for us. We want  
23 to get it right. We do not want to have taxpayers come  
24 to us in an unsecure way, that their identity could be  
25 compromised, their refund could be grabbed; right? And

1 we don't want somebody to be able to infiltrate our  
2 systems either and do the dastardly deeds that they  
3 could otherwise do; right?

4           We also want to make sure that when we get data  
5 from the IRS through the tunnel, the portal, the API --  
6 whatever you want to call it -- right? -- that we know  
7 what we're doing with it and that we're not sticking the  
8 AGI on the tax liability line of the form as we're  
9 prepopulating data. We want to make sure the data  
10 points are going exactly where they need to on that  
11 form -- right? -- so that at the end of the day, there's  
12 no miscalculations. There are no overstatements or  
13 understatements of tax or credit amounts that would  
14 otherwise be due; right?

15           And all of those are first-time things for us.  
16 We've never had a person come through a tunnel to us.  
17 We need to make sure who they are -- right? -- for their  
18 protection and ours; right? We haven't necessarily had  
19 data of this nature come to us, where we have to store  
20 it, we have to make sure that it wasn't modified during  
21 transit, and we have to make sure, again, that it's  
22 going -- A is going to A and B is going to B and not  
23 being transposed in any way, which are a very  
24 significant amount of work.

25           You put that all together with everything else

1 that we are doing -- I think you've heard many, many  
2 presentations on the EDR2 project. It's a critical  
3 phase right now.

4 We also have other legislation, CalEITC offsets.  
5 Two years ago, the legislature said no more offsets of  
6 the CalEITC credit family; right? Which was a big yay.  
7 But because of the depth, the complexity, and these same  
8 priorities, we're just now rolling that out on  
9 January 1st of this year in order to make sure that we  
10 do it right and that we are able to keep everything else  
11 in flight.

12 So there were -- to avoid not being succinct,  
13 there were, like, many times that we exchanged  
14 information: What would it cost you to do this if you  
15 did it early? What would the risks be?

16 I can share all those if you'd like, but at the  
17 end of the day, the stakeholders, the legislature, the  
18 administration did not feel that it was a good thing to  
19 force the earlier integration with the risk incumbent.  
20 And that's why you see the legislature and the  
21 administration putting forward funding that's applicable  
22 for an adoption at the '25 tax year, which is January of  
23 '26.

24 So, hopefully, that helps a little bit.

25 MEMBER LIEBER: It does. And I so much

1 appreciate your efforts. You're holding up really well.  
2 And I think it's our job to ask for the full boat, the  
3 maximum, the quickest that it possibly can.

4 And for the families with young children, you  
5 know, two-year -- two-year wait to participate is a long  
6 time. And I know that they can participate if they  
7 really fight their way into the system or they're lucky  
8 enough to land with a VITA volunteer who can help them.  
9 And otherwise, some of them are paying \$300 to get a  
10 very simple tax return done.

11 MS. HARRIMAN: Yes. And I would say that, again,  
12 last year with the pilot, the IRS, 140,000 plus a few  
13 more come into the federal level. California was the  
14 highest state that came in after them, with 33,000  
15 Californians using that portal. Many of them came  
16 through in CalFile.

17 We're digesting all of that data point now with  
18 the IRS's assistance to find out who, what, when, how  
19 they came in, and why they didn't do what we wanted them  
20 to or why they did do what we wanted to. But that will  
21 probably be later this summer before we have all those  
22 data point.

23 But that being said, in '24 -- for the '24 tax  
24 year, in '25, we are absolutely committed to continuing  
25 to provide that link so that, when they are done with

1 the federal experience through the Direct File portal,  
2 they are automatically pushed to our website.

3 And many of those that went there this year, they  
4 already know what to do. They already know the rodeo.  
5 They're going in, they're getting it done; right?

6 And, again, this was such a small group of  
7 taxpayers. And 30 percent of those being Californian,  
8 we're kind of excited to see what the program does this  
9 year, when it's open earlier in the season and all year.  
10 We do expect quite a bit of growth in spite of the fact  
11 that we're not fully integrated.

12 But providing that link -- which is also  
13 comparable to what we're hearing other states are doing  
14 this year, just to dip their toe in to get something out  
15 there for these taxpayers so they don't have to wait and  
16 that they can start moving away from a paid preparer  
17 with fees that are charged if they can at all do so.

18 MEMBER LIEBER: Okay. Thank you.

19 MS. HARRIMAN: Uh-huh. Thank you.

20 CHAIRPERSON COHEN: All right. I have more -- I  
21 have a few more questions just about data sharing.

22 I wanted to understand a little bit better or  
23 make a suggestion.

24 If we've considered using recent IRS data to  
25 identify ZIP codes that have the highest potential for



1 expanded EITC participation. And this is under the  
2 topic of data sharing.

3 MS. HARRIMAN: We have not, to my knowledge, done  
4 that inquiry, or it's been quite some time. But we're  
5 happy to see if the IRS is willing to give us some data  
6 points. They also have some more in-depth tools through  
7 some of the data points that they have access to that we  
8 do not that help them identify taxpayers as well.

9 So we're happy to reopen that communication  
10 channel with them over the next year and a half,  
11 et cetera, to see what we can find out, to see if  
12 there's additional candidates that we can reach out to.

13 CHAIRPERSON COHEN: Yeah. It's a little bit of a  
14 cheat sheet; right? They've done the due diligence.  
15 They've verified where the taxpayers are located via  
16 their filings and via their ZIP codes.

17 And I'm sure we could do a query based on  
18 ZIP codes on where the most need exists in the major  
19 cities across the state of California. So thank you.

20 MS. HARRIMAN: Yeah. Yeah. Right now, we do  
21 rely on census data to do that a little bit --

22 (Overlapping speakers.)

23 CHAIRPERSON COHEN: Okay. That's good.

24 MS. HARRIMAN: -- partners up with Community  
25 Services Development. They are -- that's where most of

1 the grants are assessed and assigned to, areas that have  
2 those very high population. So we'll continue to do  
3 that and see if the IRS --

4 (Overlapping speakers.)

5 CHAIRPERSON COHEN: That's good to know. I  
6 didn't know that. Okay.

7 In terms of the government being more proactive  
8 in data sharing capabilities, is there -- or has there  
9 been any coordination with public benefit programs, like  
10 SNAP or CalWORKs also to target their recipients?

11 Yes?

12 MS. HARRIMAN: Yes, there has. Yeah.

13 CHAIRPERSON COHEN: Okay.

14 MS. HARRIMAN: So Department of Social  
15 Services -- right? -- that we -- we have come to the  
16 table many times to talk about SNAP, CalFresh, CalWORKs,  
17 as well as Medi-Cal, and looked at those data programs  
18 and how we can link them up or at least do outreach to  
19 them.

20 CHAIRPERSON COHEN: So I think one thing that  
21 we've noticed is that filings have been increasing  
22 annually; is that correct?

23 MS. HARRIMAN: Filing in general or --

24 (Overlapping speakers.)

25 CHAIRPERSON COHEN: Filings. EITC people

1 applying for this program.

2 MS. HARRIMAN: Yeah. So CalEITC focused, we see  
3 ups and downs.

4 CHAIRPERSON COHEN: Ups and down.

5 MS. HARRIMAN: Unfortunately, because of the  
6 filing situation last year, filings are up right now.  
7 But --

8 CHAIRPERSON COHEN: So when you say "the filing  
9 situation last year," you mean the changing of the  
10 deadline?

11 MS. HARRIMAN: Yes.

12 CHAIRPERSON COHEN: Okay.

13 MS. HARRIMAN: Yeah. So we don't know yet what  
14 the year will present, whether it's equivalent or up or  
15 down. Right now they are up, but we really need to get  
16 to this year to find out what's going to happen.

17 CHAIRPERSON COHEN: Right. So I think the  
18 question that I'm really trying to zero down is, in  
19 those years that we're up, what are we doing? What are  
20 we doing well? How do we intensify that?

21 And the years that are down, understanding where  
22 the shortcomes -- where the shortcome -- or the  
23 shortfalls are underlying and so that we are not  
24 repeating these mistakes and so that we have a steady,  
25 gradual build every year.

1           And this is separating the special circumstances  
2 from last year, with the moving of the filing deadline.  
3 That confused everyone.

4           MS. HARRIMAN: Yeah.

5           CHAIRPERSON COHEN: Are there any trainings to  
6 help community organizations, maybe even like churches,  
7 synagogues, temples, mosques, and public agencies or  
8 local businesses to help us with the outreach or  
9 identifying people that qualify?

10          MS. HARRIMAN: That's a responsibility of the  
11 grantees. And they are really amazing at it. They --

12          CHAIRPERSON COHEN: You said that's a  
13 responsibility to what?

14          MS. HARRIMAN: Yeah. I'm sorry?

15          CHAIRPERSON COHEN: You said that's a  
16 responsibility to --

17          MS. HARRIMAN: -- the grantees.

18          CHAIRPERSON COHEN: Grantees.

19          MS. HARRIMAN: The ones that receive the CalEITC  
20 grants.

21          CHAIRPERSON COHEN: Okay.

22          MS. HARRIMAN: They -- boots on the ground in  
23 the churches and the libraries and the synagogues and  
24 the grocery stores saying, "Hey, here's a flyer," "Hey,  
25 do you know about this?" The door hangers. They send

1 texts to people in their community that have signed up  
2 for, like, 211 services in the local communities and  
3 others.

4 CHAIRPERSON COHEN: And --

5 (Overlapping speakers.)

6 CHAIRPERSON COHEN: -- I'm going to make an  
7 assumption here that we have diversity in the grantees  
8 so that we're reaching out and reaching a diverse  
9 constituency.

10 Yes? Okay.

11 MS. HARRIMAN: Yes.

12 CHAIRPERSON COHEN: Okay, everyone. Don't worry.  
13 I only have ten more questions and then I'm done. But,  
14 seriously, the next six questions are for Direct File.

15 Is there a security issue still remaining?

16 This is related to Direct File. Is there still a  
17 security issue that's remaining?

18 And then the follow-up question is will FTB be  
19 utilizing ID.me, which I understand is some kind of a  
20 software, ID.me, and can you explain how that link  
21 works?

22 MS. HARRIMAN: Yeah. Yeah. A little bit.

23 So let me just -- before I start, let me just say  
24 thank you for your partnership and making sure we're not  
25 disclosing any information that a bad actor, who might

1 be listening because they've got nothing better to do --  
2 that could infiltrate our systems. So let me just say  
3 that disclaimer. So --

4 CHAIRPERSON COHEN: That's okay. Jozel and Shane  
5 are excited with that little legal disclaimer.

6 MS. HARRIMAN: There you go.

7 So, again, the IRS, even last year and still to  
8 date, have never pushed an identity through an API. And  
9 if somebody else has done it, I don't know about it.  
10 But we've never done it ourselves in our work, and the  
11 IRS did not do it last year. This is going to be the  
12 first year that they will push an identity through to  
13 some states, and then next year to Franchise Tax Board  
14 on our current schedule.

15 So ID.me -- we are certainly aware of ID.me and  
16 the platform and the benefits that they put in place.  
17 So I know the IRS had quite a bit of success with ID.me.  
18 We appreciate their definite diligence to make sure  
19 that, when they were working with somebody, they know  
20 who it is and then, when they pass that on to the  
21 states, they know who it is; right? Because it starts  
22 at the bottom to do that.

23 So we're looking at ID.me and how it could be  
24 utilized in this as well as other infrastructure we  
25 might already have in place that's easier, quicker,

1 faster, cheaper to get in place for this.

2 So still working on that. So --

3 CHAIRPERSON COHEN: Okay. Still working on that.

4 So do you have a timeline associated with that  
5 process?

6 MS. HARRIMAN: It's integrated into the entire  
7 rollout of the integration between CalFile and Direct  
8 File; right? The ID.me token is created at the federal  
9 level; right?

10 Typically -- I know my security folks in the room  
11 are probably saying, "She's being way too simplistic."

12 But a token is created that says "I am me." And  
13 then that token comes through with the individual  
14 through that tunnel and presents to Franchise Tax Board  
15 or another state. And then the taxpayer authenticates  
16 that token at our request, and we say, "Yep. That's  
17 Jeanne Harriman. Let her in. Let her file." And then  
18 her data comes right behind it.

19 So the process -- that's part of our process that  
20 we're wanting to make sure we get right. Again,  
21 security being super sensitive, is there a security  
22 issue? There's always a security issue.

23 CHAIRPERSON COHEN: All right. My last question.

24 Is there going to be any issue with integrating  
25 Direct File into the California tax filing system so

1 that the federal income tax info can be easily  
2 transferred?

3 MS. HARRIMAN: The intention is to have that be  
4 no.

5 CHAIRPERSON COHEN: Thank you.

6 All right. I have no other questions. Actually,  
7 I do, but I'm not going to ask them.

8 Seeing that there's none on this table, let's go  
9 ahead and take public comment.

10 Thank you very much Ms. -- oh.

11 MS. HARRIMAN: You're welcome.

12 MEMBER LIEBER: Madam Chair, I just wanted to say  
13 before we go to public comment that Ms. Teri Olle, who  
14 is one of our speakers who very much wanted to attend,  
15 had a death in her family.

16 CHAIRPERSON COHEN: I'm sorry to hear that.

17 MEMBER LIEBER: And so, regrettably, she cannot  
18 be here.

19 And so Professor Dennis Ventry from UC Davis was  
20 going to present his material from the UC Davis  
21 perspective and then also present the material of  
22 Economic Security California.

23 So if he could have two time limits to present  
24 for each of those presentations.

25 CHAIRPERSON COHEN: Two time limits? That's not



1 very fair; right?

2 MEMBER LIEBER: Well, he's presenting for himself  
3 and --

4 CHAIRPERSON COHEN: Right. That's it. Huh-uh.  
5 No.

6 MEMBER LIEBER: -- and then he was going to  
7 present for Ms. Teri Olle.

8 CHAIRPERSON COHEN: No. Sorry. You got to be  
9 present to present. So I'm sorry.

10 You're looking at the attorneys. Are you looking  
11 for a second opinion?

12 MEMBER LIEBER: I'm gazing into the distance.

13 But the thing that makes this an unusual  
14 circumstance is that she had a death in her family and  
15 was unable to attend today. And she very much wanted to  
16 attend and give her comments, but she's not able to.

17 CHAIRPERSON COHEN: I understand that. But we  
18 also have her written comments on the record. So I'm  
19 going to deny that request, just in an abundance of  
20 fairness.

21 When you come here, everyone has the same  
22 allotted time. If you're not able to be here -- I'm  
23 sorry -- you can submit your comments in writing, but we  
24 have to stick with the Board rules.

25 All right. So with that said, let's go ahead and

1 see if there's anyone in the chamber that would like to  
2 speak on this item. You'll have three minutes.

3 Please come on up to the microphone. Don't be  
4 scared.

5 Go on up. Yes, sir.

6 MR. VENTRY: Okay. Thank you, Members.

7 Thank you, Members. You were asking all the  
8 right questions. You're asking the hard questions.

9 A couple that I can touch on at the end deal with  
10 some of the issues with respect to using different data  
11 sources, like the data sources from the IRS, data  
12 sources from census. There's a timing issue involved.  
13 IRS data is typically at least two years' lag. Census  
14 is just a year. And so there's a reason why we're not  
15 looking necessarily -- or you guys wouldn't be looking  
16 at that necessarily.

17 But I should just begin by saying it's an honor  
18 being here. My name is Dennis Ventry. I teach tax law,  
19 legal ethics, tax policy, tax administration; and I do  
20 standard of care for tax professionals. I was also the  
21 Chair of the IRS Advisory Committee for three years,  
22 ending in 2018.

23 Most importantly for these introductory remarks,  
24 we are appropriately in a room that is named after one  
25 of the biggest champions of public tax filing ever.

1 Gerry's 25-year tenure as EO included launching both  
2 CalFile and then ReadyReturn in the early 2000s.

3 Current EO Selvi Stanislaus picked up where Gerry  
4 left off in 2006, protecting both ReadyReturn and  
5 CalFile from industries' repeated attempts over the  
6 years to kill both programs, standing shoulder to  
7 shoulder with them. Stakeholders such as myself and Joe  
8 Bankman and others really appreciate all of your  
9 efforts. So California is a leader here, to be sure.

10 Fast-forward today, and we are here again only  
11 because of the FTB's tenacious, thoughtful, and dogged  
12 support for public tax filing. Its enthusiasm to  
13 partner with the IRS on Direct File and to integrate tax  
14 file into our state's free, secure, and easy tax filing  
15 portal promises to help millions of California  
16 taxpayers, saving them literally -- and this is  
17 something that several folks have referred to already --  
18 hundreds of million of dollars in tax filing fees,  
19 protecting them from fraudulent return preparers, and  
20 securing hundreds of more millions in tax credits and  
21 refunds for which they're eligible.

22 Before I get too far along, I should say that I'm  
23 appearing as an individual today. I was going to speak  
24 on behalf of the Economic Security Project. I should  
25 say that they have been incredible in this space over

1 the last four or five years.

2 I should also say, so I don't get a Public  
3 Records Act Request on this, I'm not receiving payment  
4 from anybody of any kind to speak here today or to  
5 advocate on behalf of public tax filing.

6 I'll proceed first by just offering a couple  
7 quick comments and return to some of the questions that  
8 you guys had, some of the topics, to the extent that  
9 you'll allow me to speak to that.

10 In terms of -- I'm going to have to do a quick  
11 cutting of things as I move along, just because of the  
12 change, a little bit.

13 Getting to the 33,000-dollar [sic] households  
14 that were -- that filed through Direct File this last  
15 year, we have some information. Roughly half of those  
16 33,000 filers -- roughly half of them used CalFile.  
17 Pardon me. And then roughly, of the 14,000 that used  
18 CalFile, 80 percent of them created new MyFTB accounts.  
19 So the new MyFTB accounts means -- this is part of the  
20 situation that you guys were alluding to --

21 MS. RUBALCAVA: Controller Cohen -- excuse me.  
22 I'm sorry -- time has expired.

23 MR. VENTRY: Thank you. Any questions?

24 CHAIRPERSON COHEN: No questions, unless --

25 MEMBER LIEBER: I have a question.

1           Professor, can you talk about the significance of  
2 the fact that the filers are creating new MyFTB  
3 accounts?

4           And I know that it's a significant investment of  
5 time for those who have not been filers before, to  
6 establish a MyFTB account, because there's a lot of  
7 language and decision trees to be navigated.

8           But if you could just speak to the importance of  
9 those new accounts coming in.

10          MR. VENTRY: With respect to its connection with  
11 integration?

12          MEMBER LIEBER: Yes, please.

13          MR. VENTRY: Yes. So Franchise Tax Board has  
14 done an incredible job of creating a video, along with  
15 videos of all different kinds of things, but this video  
16 in particular about how it literally can take under six  
17 or seven minutes to set up a MyFTB account. It's  
18 particularly helpful if you have prior-year tax return  
19 information but not necessary.

20          So the last point right before my time was up  
21 earlier, it was that 80 percent -- of those taxpayers  
22 who used Direct File and also used CalFile, 80 percent  
23 of them use created a new MyFTB account, meaning that  
24 that did not slow down the process or kick them out of  
25 the workflow such that we lost them.

1 MEMBER LIEBER: Okay. Thank you. And if I might  
2 ask one more.

3 CHAIRPERSON COHEN: Ask one, because this is in  
4 violation of the public comment rule. Every public  
5 commenter gets three minutes. I'm sorry.

6 MEMBER LIEBER: Okay. My only other question is  
7 we have gained a lot of knowledge from Ms. Harriman  
8 about the necessary steps.

9 How long should it take to integrate with the  
10 IRS?

11 MR. VENTRY: Well, listen, I was asked throughout  
12 the entire filing season -- I worked closely with the  
13 Direct File team at IRS. They've been phenomenal.  
14 They've brought on some incredible folks from  
15 U.S. Digital Services to make this as smooth as  
16 possible. They too were partnering with Code for  
17 America.

18 I was asked, like, what would a successful filing  
19 season look like for Direct File in this pilot year?  
20 And there were three main areas that I focused on. One  
21 was -- and it's the same three areas that FTB is  
22 focusing on -- security. We cannot have glitches. We  
23 cannot have situations where taxpayer privacy is  
24 compromised.

25 Secondly, customer service. Customer service

1 begins with access of all different kinds, as you were  
2 referring to previously. It also means that people are  
3 answering the phones, that there's chats available, and  
4 that the information that's being provided is accurate.

5           And then the third thing is that the user  
6 satisfaction is high. And the data that I was prepared  
7 to present -- and I'm happy to provide it in written  
8 form, if that's permissible, later -- indicates that the  
9 user satisfaction was through the roof, upwards of 90,  
10 92 percent for folks who made it through the system.

11           MEMBER LIEBER: Okay. Thank you.

12           CHAIRPERSON COHEN: Thank you very much.

13           And just want to use this as a teachable moment.  
14 Every speaker has three minutes.

15           Member Lieber, next time we can agendize and the  
16 professor can give a full presentation.

17           MEMBER LIEBER: We tried that too. Thank you.

18           CHAIRPERSON COHEN: I was unaware of that. I'm  
19 happy to help next time --

20           MEMBER LIEBER: Thank you.

21           CHAIRPERSON COHEN: -- to make that happen. So  
22 it should be a full agenda item on the agenda.

23           All right. Are there any other members of the  
24 public that would like to speak?

25           (No response.)

1           CHAIRPERSON COHEN: All right. Seeing none,  
2 let's go to the online teleconference.

3           PHONE OPERATOR: Members of the public on the  
4 phone lines, if you would like to place yourself in the  
5 queue for public comment, as a reminder, you may press  
6 1, then 0 at this time.

7           We will have a public comment from the line from  
8 Erin Hogeboom.

9           Please go ahead.

10          MS. HOGEBOOM: My name is Erin Hogeboom, and I am  
11 Director of San Diego for Every Child, an initiative  
12 committed to cutting the experience of child poverty  
13 across the San Diego region by 2030.

14          Today I'm calling in on behalf of San Diego's  
15 children and families to support a fully integrated,  
16 free, easy, and accessible Direct File tool. This will  
17 be transformational for our families, allowing them to  
18 meet their tax filing obligation directly with the IRS  
19 and our state without paying 150 or more to file.

20          We know that 150 or more goes a long way towards  
21 rent, groceries, and utility bills to keep the lights  
22 on. By fully integrating Direct File -- sorry.  
23 Transporting my son right now.

24          By fully integrating Direct File and CalFile, we  
25 will help ensure that filers walk away with their



1 rightful money in their pockets and peace of mind  
2 knowing that their claims have been filed safely and  
3 securely.

4 We greatly appreciate California's leadership,  
5 especially here on the Franchise Tax Board, has shown up  
6 in new ways to help Californians file their taxes and  
7 the steps the legislature has taken to fully integrate  
8 CalFile with Direct File.

9 As an organization representing San Diego  
10 families, we ask that you continue to support this  
11 filing alliance and work to bring seamless and full  
12 benefits of Direct File to as many California taxpayers  
13 as possible.

14 Thank you so much.

15 CHAIRPERSON COHEN: Thank you very much for your  
16 public comment.

17 Operator, is there another speaker?

18 PHONE OPERATOR: Yes. Going to the line for  
19 Stephanie Liem.

20 Please go ahead.

21 MS. LIEM: Hi. This is Stephanie with GRACE/End  
22 Child Poverty California.

23 Huge thanks to the FTB for aiming to streamline  
24 services for all taxpayers and ensure that all systems  
25 are more accessible for our communities.

1           With that being said, a fully integrated, easy,  
2 and accessible Direct File tool will be transformational  
3 for our California families, allowing them to meet tax  
4 filing obligation directly with the IRS and our state  
5 without paying over \$150. A fully integrated Direct  
6 File will ensure that filers will walk away with more  
7 money in their pocket and peace of mind knowing that  
8 their claims have been filed safely and securely.

9           We believe that this tool is very pivotal in  
10 moving the needle on poverty and child poverty in  
11 California. Direct File can and will change the  
12 American tax filing system for the better.

13           Today, tens of millions of Americans continue to  
14 pay billions of dollars to file returns that are  
15 supposed to be filed for free, actually. So we're  
16 please urging you to consider expanding on this tool's  
17 potential for greater accessibility so taxpayers can  
18 reap the full benefits of the FTB's really  
19 much-appreciated work thus far.

20           Thank you so much.

21           CHAIRPERSON COHEN: All right. Thank you very  
22 much.

23           Mr. Operator, are there any other speakers?

24           PHONE OPERATOR: Yes. Several.

25           CHAIRPERSON COHEN: Okay.

1           PHONE OPERATOR: Next, going to the line for  
2 Jimenez -- Yesenia Jimenez.

3           Please go ahead.

4           MS. JIMENEZ: Good afternoon, esteemed Members of  
5 the FTB Board. Yesenia Jimenez, senior policy associate  
6 for GRACE/End Child Poverty California.

7           I'm here to emphasize the transformative power of  
8 Direct File and the urgent need for its full integration  
9 with CalFile.

10          America's flawed filing system denies millions of  
11 families billions in refunds, perpetuating economic  
12 injustice. Direct File can address this, offering an  
13 empowering, dignified, and free service for taxpayers.

14          With nearly a third of Californians living in or  
15 near poverty, it's crucial to maximize the impact of our  
16 safety net programs. This 2.2 billion in benefits will  
17 be a substantial economic boost that directly benefits  
18 our most vulnerable residents while also honoring our  
19 families' economic autonomy, and it represents a crucial  
20 step in our fight against poverty.

21          Attorney General Rob Bonta, along with 22 other  
22 attorney generals, recently supported FTB's cease and  
23 desist order against Intuit for deceptive advertising of  
24 free tax filing products. This underscores the need for  
25 reliable, truly free options like Direct File to protect

1 our communities from exploitation.

2 The IRS's Direct File pilot receives  
3 overwhelmingly positive feedback, saving families time  
4 and money. We urge you to fully integrate Direct File  
5 with CalFile, enabling seamless, prepopulated state  
6 returns. This tool will revolutionize tax filing for  
7 California families, eliminating exorbitant fees for  
8 predatory tax prep companies.

9 Thank you for your time and commitment to  
10 advancing economic -- economic justice and alleviating  
11 poverty for all Californians.

12 CHAIRPERSON COHEN: Mr. Operator, next speaker.

13 PHONE OPERATOR: Going to the line for Danielle  
14 Bautista.

15 Please go ahead.

16 MS. BAUTISTA: Good afternoon, Franchise Tax  
17 Board Members. My name is Danielle Bautista with the  
18 United Ways of California.

19 And we want to express our appreciation to the  
20 leadership that California, and specifically the  
21 Franchise Tax Board, has shown to help Californians file  
22 their taxes and the steps the legislature has taken to  
23 fully integrate CalFile with Direct File.

24 This full integration will ensure that families  
25 and households can claim the tax -- the state and

1 federal tax credits that they're eligible for  
2 (inaudible). And we support and, again, urge a full  
3 integration of CalFile and Direct File. Thank you so  
4 much.

5 CHAIRPERSON COHEN: Next speaker.

6 PHONE OPERATOR: Okay. Going to the line for  
7 Monica Lazo.

8 Please go ahead.

9 MS. LAZO: Yes. Good afternoon. My name is  
10 Monica Lazo. I'm with Economic Security California  
11 Action.

12 And I just want to say that we appreciate the  
13 leadership California, specifically the Franchise Tax  
14 Board, has shown to have Californians file tax -- file  
15 their taxes.

16 As we know, America's broken filing system leads  
17 millions of families to forgo billions of dollars in  
18 refunds. Direct File can change that. It is simple,  
19 friendly, and human-centered, treating taxpayers with  
20 the dignity they deserve. California's taxpayers could  
21 see a benefit of \$2.2 billion between eliminating filing  
22 fees, time saved, and recouped tax credits.

23 We ask that you continue to work to bring the  
24 full benefits of this successful tool to California  
25 taxpayers as soon as possible. Thank you.

1 CHAIRPERSON COHEN: Next speaker.

2 PHONE OPERATOR: Going to the line for Rebecca  
3 Gonzales.

4 Please go ahead.

5 MS. GONZALES: Good afternoon. This is Rebecca  
6 Gonzales. I'm with the Western Center on Law & Poverty.

7 The Western Center is California's oldest and  
8 largest legal services support center that has advocated  
9 on behalf of Californians experiencing poverty in every  
10 branch of government, from the courts to the  
11 legislature.

12 I want to join the chorus of people who have  
13 called in and spoken to give our full support for the  
14 full integration between CalFile and the IRS Direct  
15 File. We support this integration for several reasons.

16 One is, you know, poor people really shouldn't  
17 have to pay hundreds of dollars to file their taxes.  
18 It's unnecessary when they could file directly with the  
19 IRS. And, also, people who are in poverty really  
20 benefit from the tax credits that are out there. They  
21 should be able to easily access these services that so  
22 many in the legislature and advocates have worked for --  
23 have worked on over the years.

24 But I also want to thank this Committee or this  
25 Board for your leadership on this issue, and thank you

1 for the time today.

2 CHAIRPERSON COHEN: Thank you.

3 Next speaker.

4 PHONE OPERATOR: Next, we're going to the line  
5 for Erendira Luna.

6 Please go ahead.

7 MS. LUNA: Good afternoon. Thank you to the FTB  
8 and all the presenters today. My name is Erendira. I'm  
9 speaking on behalf of Haven Neighborhood Services.

10 Just wanted to add in a little bit more about the  
11 integration of state and federal filing systems.

12 It would be easier for filers to keep track of --  
13 it creates more efficiency and consistency, such as  
14 keeping information all in one place with less errors,  
15 instead of having both of them, go back and forth. For  
16 example, instead of trying to remember if you filed  
17 through the state for one day and then federal for  
18 another, it would just be easier to integrate both and  
19 have it all in one go.

20 Thank you for your time.

21 CHAIRPERSON COHEN: Thank you.

22 Next speaker.

23 PHONE OPERATOR: Going to the line for America  
24 Valdin.

25 Please go ahead.

1 MS. VALDIN: Good afternoon, Franchise Tax Board.  
2 This is America Valdin representing Haven Neighborhood  
3 Services. We provide free tax preparation services to  
4 low- to moderate-income individuals.

5 As the VITA coordinator, I would like to share  
6 how community taxpayers often face high tax preparation  
7 costs. Some have paid up to \$500 to file a return.  
8 This is a financial burden that they admit delays their  
9 filing. Many are also struggling with their busy  
10 schedules, making traditional tax appointments difficult  
11 to attend.

12 So a full integration of Direct File and CalFile  
13 would address these challenges by enabling convenient  
14 and affordable direct filing with the IRS and state.

15 Thank you for your time.

16 CHAIRPERSON COHEN: Next speaker.

17 PHONE OPERATOR: No more public comments in  
18 queue.

19 CHAIRPERSON COHEN: All right. Thank you very  
20 much.

21 Thank you very much, Ms. Harriman, for your  
22 presentation. Outstanding conversation. Incredible  
23 dialogue.

24 I want to also recognize the professor that  
25 joined us here today. Thank you very much for your



1 commentary either -- as well. Excuse me.

2 If there's any last remarks. Do you have any  
3 last remarks, Member Lieber?

4 MEMBER LIEBER: Yes, I do.

5 I think from everything that we've heard today,  
6 the integration and the uptake of the CalEITC is of  
7 supreme importance to us, in addition to everything else  
8 that FTB staff is doing every day.

9 But I would like to make the request that we have  
10 an update on this broader issue at each of our meetings,  
11 because I think it's something that there's obviously  
12 quite a bit of interest and demand in the community to  
13 have.

14 So just a brief item on each of our agendas for  
15 this year, which would be two meetings, to talk about  
16 the CalEITC and the issues around the integration of  
17 CalFile with Direct File.

18 Thank you.

19 CHAIRPERSON COHEN: Okay. Thank you very much.

20 MEMBER PERRAULT: Just very quickly, as a newer  
21 Member on the Board, I just -- a new representative for  
22 the Department of Finance, I just wanted to say thank  
23 you for taking the time to give us some background. And  
24 appreciate that there's some momentum building, and it  
25 sounds like a lot of work was going into this.

1           So just appreciate sort of the history and sort  
2 of where you're looking to move this forward.

3           So that's all.

4           CHAIRPERSON COHEN: All right. Thank you.

5           Next, we will have Item 7, which is the Executive  
6 Officer's time.

7           And I'll turn the meeting over to the Executive  
8 Director, Selvi Stanislaus.

9           EXECUTIVE OFFICER STANISLAUS: Thank you,  
10 Controller. I have nothing to report at this time.

11          CHAIRPERSON COHEN: Well, aren't you all lucky.  
12 Thank you very much.

13          Let's see if there's any public comment on  
14 anything reported.

15          (No response.)

16          CHAIRPERSON COHEN: Okay. Seeing none,  
17 Mr. Operator, can you go online and see if there's  
18 anyone that would like to comment on the Executive  
19 Director report?

20          PHONE OPERATOR: Members of the public on the  
21 phone lines, if you would like to place yourself in the  
22 queue for public comment, as a reminder, you may press  
23 1, then 0 at this time.

24          (No response.)

25          PHONE OPERATOR: No members of the public are

1 queuing up at this time. Please continue.

2 CHAIRPERSON COHEN: All right. Thank you very  
3 much.

4 Let's go ahead and move to Item 8, which is the  
5 Board Members' time.

6 Colleagues, if you would like to speak, please go  
7 ahead.

8 MEMBER LIEBER: Thank you.

9 Well, I do have a request under the Board  
10 Members' time, and that would be that we have a  
11 stand-alone item on our September meeting that would be  
12 a discussion that would help us to begin to flesh out  
13 and frame an all-of-government approach to the EITC.  
14 And this would be separate from an update but would help  
15 us.

16 I know that Ms. Harriman and others at the agency  
17 are very familiar with which agency has federal rules;  
18 that can talk to us, which can't; or what the barriers  
19 are in terms of State agencies.

20 But if we could have a grid that would reduce the  
21 number of questions on our side and really help us to  
22 start to think about an all-of-government approach, it  
23 would be very, very helpful.

24 Thank you.

25 CHAIRPERSON COHEN: Yes. I agree with that.

1 That's actually very helpful.

2 And in addition to -- in addition to that grid  
3 and the subsequent future meetings, we can also bring in  
4 other experts to harmonize with what Ms. Harriman is  
5 also presenting.

6 Would you like to make some comments?

7 MEMBER PERRAULT: No comments at this time.

8 Thank you.

9 CHAIRPERSON COHEN: No?

10 MEMBER PERRAULT: No.

11 CHAIRPERSON COHEN: Okay. None at this time.

12 MEMBER PERRAULT: Just here learning. Thank you.

13 CHAIRPERSON COHEN: All right. Well, at this  
14 time, before we close out, I just want to recognize an  
15 intern that joined my office, Ms. Azriel Jones. She's a  
16 criminal -- she's studying criminal justice at  
17 Sacramento State. She's a Bay Area native, and she's  
18 from El Centro -- El Cerrito. Sorry. And she's also  
19 captain of the cheer team.

20 Stand up and let the people see you.

21 (Applause.)

22 CHAIRPERSON COHEN: Thank you.

23 Seeing that there is no other business before  
24 this body, I think we can adjourn. Thank you.

25 (Proceedings concluded at 3:06 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.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th of July, 2024.

\_\_\_\_\_  
EMILY SAMELSON, CSR  
Certified Shorthand Reporter  
License No. 14043

