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APPEARANCES

BOARD MEMBERS

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

SALLY J. LIEBER
Chairperson
Board of Equalization

ERICA GONZALES
Program Budget Manager
Department of Finance

HASIB EMRAN
Deputy State Controller, Taxation

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SELVI STANISLAUS
Executive Director

CRISTINA RUBALCAVA
Board Liaison

JOZEL L. BRUNETT
Chief Counsel

SHANE HOFELING
Deputy Chief Counsel

Kelly Heckman

Jose Orozco

Jennifer Roussel

Marion Hughes

Jason Hughes

David Hunter

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APPEARANCES CONTINUED

ALSO PRESENT

TERI OLLE, Economic Security Project
VANESSA OROZCO, Golden State Opportunity (via telephone)
JAFET DIEGO, United Ways of California (via telephone)
ERIN HOGENBOOM, San Diego for Every Child (via telephone)

BART BAER, California Taxpayers Association
(via telephone)

SAM WILKINSON (via telephone)

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SACRAMENTO, CALIFORNIA

Tuesday, March 26, 2024; 12:59 P.M.

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CHAIRPERSON COHEN: Good afternoon. Good afternoon. This is the scheduled time for the meeting of the Franchise Tax Board.

Would the Board Liaison please call the roll and determine if a quorum is present.

MS. RUBALCAVA: Member Lieber.

MEMBER LIEBER: Here.

MS. RUBALCAVA: Member Gonzales.

MEMBER GONZALES: Here.

MS. RUBALCAVA: And Chair-Controller Malia Cohen.

CHAIRPERSON COHEN: Present. Thank you.

At least two members or their designated representatives being personally present, there is a quorum, and the Franchise Tax Board is now in session.

So, ladies and gentlemen, will you please join me by rising and placing your right hand over your heart and join me in saying the Pledge of Allegiance.

(Pledge of Allegiance recited in unison.)

CHAIRPERSON COHEN: All right, friends. Welcome back to the Franchise Tax Board meeting.

The public has a right to comment on each and every agenda item. If there are any members of the
public wishing to speak on an item, please come forward when that item is called, and you'll have three minutes to address the full Board.

For today's meeting, members of the public who wish to comment via teleconference, I would appreciate it if you could call (844) 291-6362 and enter the access code 2689146.

Also, just as a reminder, please be aware that there is a short delay between the web live stream and the live event.

If there are any members of the public wishing to speak on an item and you're using a translator or translator service, you will have six minutes to address this body.

All speakers will be asked to identify yourself, just for purposes of the record.

So the first item, Members, is the approval of the minutes. We have the minutes of December 6 from 2023, the Franchise Tax Board meeting as well as the Annual Taxpayers' Bill of Rights Hearing.

Members, do any of you have any comments or questions?

(No response.)

CHAIRPERSON COHEN: All right. Seeing none, is there a member of the public wishing to speak on this
item in person or on the teleconference line?

(No response.)

CHAIRPERSON COHEN: Okay. I see no one jumping up to come for public comment.

Can we check online?

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

(No response.)

No members of the public are queuing up at this time. Please continue.

CHAIRPERSON COHEN: All right. Thank you very much.

May I have a motion for approval of the minutes?

MEMBER GONZALES: I'll move to approve.

CHAIRPERSON COHEN: All right. Thank you.

I'll second that.

Board Liaison, if you wouldn't mind, please, calling the roll.

MS. RUBALCAVA: Member Lieber.

MEMBER LIEBER: Aye.

MS. RUBALCAVA: Member Gonzales.

MEMBER GONZALES: Aye.

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

Thank you very much. This motion passes without an objection.

Next, we have Agenda Item Number 2, which is a presentation regarding FTB's 2023 accomplishments, my favorite time of the year. I love this.

This year's accomplishments will be presented by Kelly Heckman. And again, folks, this is just an informational item.

Ms. Heckman.

MS. HECKMAN: Good afternoon, Madam Chair and Board Members. I'm Kelly Heckman, an Assistant Director in the Audit Division.

I'm proud to be here today to share FTB's 2023 accomplishments with you. FTB's Missions and Values were created to promote the values of FTB, to guide and empower our employees and support a positive work environment.

This year's video highlights our accomplishments presented through the lens of our five core values, which are: become experts at what we do, lead with integrity and inspiration, bring our best, deliver excellent products and services, and contribute to a caring community.

Today we're happy to present this year's video,
which will highlight just some of FTB's many accomplishments of 2023 and our continued commitment to faithfully serve the taxpayers of California.

Before we play the video, I would like to highlight just a few of our accomplishments.

We continued to provide critical assistance to serve Californians.

In 2023, we increased the number of staff on our Volunteer Income Tax Assistance Program, who prepared approximately 4,500 tax returns.

We mailed approximately 345,000 Earned Income Tax Credit, EITC, outreach notices to taxpayers to let them know that they may qualify for the credit.

We also helped our fellow Californians impacted by winter storms and natural disasters by assisting in disaster relief efforts. And following the IRS, we granted extensions both to file and pay taxes to November 16, 2023.

FTB also focused on our most important assets, our employees, by hosting our first hybrid career event, where over 780 employees attended to learn about career opportunities throughout our department.

I want to thank our very talented multimedia team for their hard work in creating this video. Now please sit back and enjoy our 2023 accomplishments video.
(Video played.)

MS. HECKMAN: Thank you for allowing us to share this with you. We hope you enjoyed watching it and seeing our many accomplishments as they relate to our five core values.

I would be happy to answer any questions that you may have at this time.

CHAIRPERSON COHEN: Thank you. Thank you very much. That was an excellent video. I love -- it was a really strong finish. It was powerful, beautiful, and uplifting. I mean, wow. You really outdid yourself this year. I can't wait to see what you do next year.

That was incredible. Okay. Thank you, Kelly. Let me see.

Colleagues, do you have any comments or anything that you wanted to share?

Ms. Gonzales.

MEMBER GONZALES: I'll just say thank you so much for sharing, and congratulations to all of you on all the hard work. It was very inspiring.

CHAIRPERSON COHEN: Okay. Member Lieber.

MEMBER LIEBER: I think it's just so apparent and really shows in the service that the FTB provides that FTB is a close work family with respect for everyone and treasuring the contributions of each team member. So
thank you for the beautiful presentation.

MS. HECKMAN: Thank you.

CHAIRPERSON COHEN: Just a couple comments and ideas that I wanted just to share as we had a chance to reflect on 2023.

When I took over as Chair of the FTB, it was like almost no time to rejoice or to celebrate. Because if you may recall, last year we were dealing with relentless atmospheric rivers to tropical storms and flash flooding. Do you guys remember this? And California faced some of the most severe weathers in the state history. And it was in that moment that schools were closed, roads were collapsing, people were losing their homes, flooding was occurring.

It was the FTB's rapid response that required a full mobilization and, quite frankly, an all-hands-on-deck approach.

And so 2023 was kind of tough. And I'm really proud of the entire team. You guys rose to the occasion. And you heard the number of filings that was accomplished. You know, alongside the FTB leadership, we just huddled together in the war room, just getting things done. And I think that's our utmost priority in difficult and, frankly, unprecedented times.

So these accomplishments, they indicate that FTB
remains ready to bring its best, ready to provide complex services. And you know what? It doesn't matter, come rain or come shine, sunshine, that we are ready. And so go team FTB. Everyone that's in this room is a part of this team.

I hope that you are receiving this praise, because I'm really talking to everyone here that's listening and those members that are on the team that are not present in this auditorium.

Selvi, to you and your Executive Team, my highest compliments to you. Excellent work. Thank you very much.

I look forward to next year.

And so we can move on, Cristina, to Item Number 3.

And so, let's see. This was an informational -- so let's see if there's any public comment or anyone that would like to speak on this item.

Anyone in the chamber?

(No response.)

CHAIRPERSON COHEN: None? All right. Let's see if there's anyone online, teleconference line.

PHONE OPERATOR: Again, if you would like to put yourself in the queue to comment, as a reminder, you may press 1, then 0 at this time.
(No response.)

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

CHAIRPERSON COHEN: All right. Thank you very much.

So we're going to go ahead and call Item 3. And Item 3 is on the agenda. It's a presentation of the EDR2 update presented by Jose Orozco and Jennifer Roussel. This is an informational item.

Mr. Orozco, welcome. Good to see you.

MR. OROZCO: Thank you. Good afternoon, Madam Chair and Members of the Board. My name is Jose Orozco, and I am the EDR2 Technical Director, and with me today is Jennifer Roussel, the EDR2 Business Director.

We will provide you an informational update on the second phase of our Enterprise Data to Revenue Project, also known as EDR2.

The last update that we provided was March of 2023. Similar to that presentation, I will briefly touch upon the project's background before providing the update.

The primary focus of EDR2 is moving our aging Audit, Collections and Filing Enforcement systems onto the enterprise solution created with EDR1. Replacing these systems is essential to continuity of our
operations, providing excellent customer service, and
insurance -- and ensuring taxpayers meet their tax
obligations.

The transition to one enterprise case management
solution will reduce the number of systems that our
staff need to access to complete their work, reduce the
number of antiquated technology products that we must
maintain, enhance our workload management, and automate
manual processes.

In addition to the case management solution, EDR2
will also implement new self-services, which we will
touch upon later in the presentation; new modeling
capabilities that will help us improve case selection to
address the tax gap; and data visualizations, which will
expand our current reporting and dashboarding
capabilities.

I will turn it over now to Jennifer to discuss
our implementation efforts.

MS. ROUSSEL: Thank you, Jose.

Before we started implementing functionality in
the areas that Jose described, we implemented several
early initiatives during the first year of the EDR2
projects. These early initiatives allowed us to
introduce new technologies and help bring more taxpayers
into compliance.
In 2021 and 2022, we implemented new analytic models to improve both our Personal Income Tax Audit and Filing Enforcement case selection. These new and improved models allow us to quickly identify cases that will result in helping taxpayers comply and meet their tax obligations. Early indications show a likely improvement in the percentage of cases we work that result in an assessment.

In addition, their early initiatives helped bring on new technology in a controlled manner, protecting against negative impacts to taxpayers and FTB’s operations.

We've also introduced new data sources for collections. This information is reported to FTB by individuals or businesses that pay taxpayers for services or report investment income. This data is associated with taxpayers with past due liabilities.

Our collectors can use these new data sources to help resolve collection cases, especially cases where the taxpayer is not a wage earner.

We also implemented our new PIT Payer File we now affectionately call the "Manage Assets and Income" solution. This solution provides our collections program with more valuable information that can be used in our automated and manual collections efforts. It
also will eventually be used by our Filing Enforcement program. The solution has more data sources and improved matching of taxpayers to the data, and this will increase revenue and staff productivity, and it was our first step in replacing FTB's aging collections system.

Lastly, we've highlighted a new PIT Audit Candidate Selection solution. This solution is the starting point for selecting audit cases. It is also the starting point for the cases that will be managed in the new case management system. This was the first step in implementing the functionality that will be leveraged for multiple case types.

After laying the groundwork with our early initiatives and pilot program, we introduced the first compliance workload to the new Enterprise Case Management Solution.

The Personal Income Tax Audit workload started its transition in January of 2023, and it was expanded in September and in November of 2023. This transition is being accomplished through a methodical approach. For each new workload we transition, we do so in a manner and a pace that allows us to make improvements and address unforeseen issues easily and quickly. This reduces the risk of negative impacts on FTB's operations.
and taxpayers. We call this our "Crawl, Walk, Run" approach.

In January of 2024, we expanded the new solution to incorporate the PIT Collections workload. Again, we are taking a methodical approach to minimize risk.

And later this year, we will bring the remaining audit workloads, pass-through entity and business entity cases, into the Case Management Solution.

And in 2025, BE Collections will transition to the new collection -- new solution, as well as Legal's workloads, and we will also start transitioning the Filing Enforcement workloads starting with PIT FE.

Finally, in January of 2026, we will focus on the remaining FE workloads, specifically business entities.

As Jose mentioned, in addition to transitioning these workloads to the Enterprise Case Management Solution, each implementation brings new self-services, modeling capabilities, data visualizations, and the ability to leverage additional data that we've captured.

With regards to the self-services, we are excited to provide you with an overview of the new or expanded self-services the project will bring to FTB's customers. We have already implemented a few of them in the project's first two-plus years, several of which we mentioned earlier in the accomplishments video. The
majority will be implemented over the next two years.

With each new self-service, we are performing usability testing with external customers to help ensure we are implementing services they will find easy to use. We also have a robust external communication process to announce when each service will be available.

The services include enhancing MyFTB to allow taxpayers, and in many instances tax professionals with the appropriate authorizations, to be able to view and protest Notices of Proposed Adjustment for Carryover Amount, also known as the NPACA.

Review -- taxpayers can also view a variety of new information, including hearings, levies, liens, and tax computations. They can request and manage payment plans. And we are also adding a new MyFTB role too which includes the withholding agents.

In addition to these MyFTB enhancements, we introduced a new notice-based self-service, which allows customers to respond to both audit or collection notices online without a MyFTB account. These enhancements will be expanded to enable employers, financial institutions, third-party payers to respond to withholding orders online.

We are also introducing several new services that allow taxpayers to apply for certain programs, most of
which that do not require a MyFTB account. However, the customers get a better user experience with prefilled-in information when using the new service within MyFTB.

Taxpayers, and in many instances their representatives with a POA, will be able to apply online for Innocent Joint Filer Relief. They can submit an Offer in Compromise application for personal income tax or business entities.

Also for business entities, we introduced the ability to request a Certificate of Revivor or a Voluntary Administrative Dissolution or apply to be an Exempt Organization.

Withholding agents can file Bulk Sales Certificates, Form 592 Resident and Nonresident Withholding Statements, or Withholding Waiver Requests.

Outside of MyFTB, escrow and title companies can request a lien payoff amount and receive the information immediately if the criteria is met.

Taxpayers who need to provide information regarding their filing history, normally required when filing for student aid or other government benefits, can request an Individual Status Letter online or through MyFTB. Once authenticated in MyFTB, they can still submit -- I'm sorry -- they can receive one immediately.

If they don't have a MyFTB account, they can
still submit the request online, although it does require an FTB staff member to complete the transaction.

We are also enhancing our Interactive Voice Response telephone systems to include automatic speech recognition and texting capabilities for certain contact center lines that we have. With this enhancement, a customer can navigate the IVR with their voice, allowing for a hands-free experience.

These self-services benefit the taxpayer and FTB in a variety of ways. In many instances, this service will automatically resolve the issue on the spot without the need for an FTB staff member to assist.

And for the items that need an FTB staff member to resolve, the service will ensure the request gets with the right case and business area immediately in our new case management system. And the service makes sure that the taxpayer is providing all the information we need to resolve the issue the first time.

This ensures we are getting complete requests and the request is getting to the right business area to resolve, all leading to faster service.

Next, Jose will close out the presentation with our current project status.

MR. OROZCO: Thank you, Jennifer.

As with any project of this size, we have a
robust risk and management process. We want to report that over the first two and a half years of the project, we have only encountered four major risks, one of which was escalated to a project issue.

We are thankful and happy to report that our solution partners have been fully engaged and have worked closely with FTB to mitigate and close these risks and resolve the project issue without impacting the overall project cost, schedule, or scope.

In December 2023, FTB submitted the first Special Project Report, also known as an SPR, to the California Department of Technology and received approval in January 2024.

The SPR considered the actual cost for prior fiscal years, the cost projections refinement, salary increases approved in the most recent State employee contract, and an increase to the total contract amount with the primary vendor for critical functionality that must be implemented to support current business operations.

The adjustment in the SPR resulted in an approximately 1.8 percent increase to the overall total project cost.

We are happy to report that CDT's independent project oversight consultants state that FTB's EDR2
project's overall health is favorable.

Thank you to our Board for your continued support with the EDR2 project. That support has been a big part of our success.

Thank you for your time today. We are -- we would be happy to answer any questions you may have.

CHAIRPERSON COHEN: Great. Thank you very much, because I have three questions. But let me see if Member Lieber has any.

MEMBER LIEBER: My question is do you have a way of getting feedback from taxpayers who are using the system?

And I'm imagining if they need to upload documents, for example, and they feel that they weren't able to cope with the technology or they didn't get their filing fully accepted by the system, do they have a way of flagging their case for someone to follow up?

MR. OROZCO: What we had is, before we implement functionality, there are specific self-services where we will engage with tax professionals and give them an opportunity to test the design in our prototype and give us feedback, and we can then make modifications to make those self-services easier to use.

MEMBER LIEBER: Okay. Thank you.

MEMBER GONZALES: One question. Thank you for
the presentation.

Do you have a revenue estimate associated with the early initiatives that Jennifer spoke to?

MR. OROZCO: With the early initiatives themselves, we would have to get back to you. We are tracking the overall revenue we have generated through the different revenue streams that we have opened up with the EDR2 project, but I don't have that figure on hand.

MEMBER GONZALES: Great. Thank you. I appreciate it.

CHAIRPERSON COHEN: I was wondering if we were in line with the timelines for the project.

MR. OROZCO: We are.

CHAIRPERSON COHEN: Okay. And there are several self-serve options contained. Are they expected to affect FTB staffing?

MR. OROZCO: No, they're not.

CHAIRPERSON COHEN: Okay. And when will you be sharing with us the next update?

MR. OROZCO: We haven't scheduled the next update, but typically, we've been coming before you March. So if that holds true, that pattern holds true, we'll be here March of 2024 [sic].

CHAIRPERSON COHEN: Okay. Good. Thank you very
much. Appreciate the presentation.

Let's open up for public comment. Any member in
the audience would like to take public comment -- or
give public comment?

(No response.)

CHAIRPERSON COHEN: Seeing none, okay. We'll go
to the teleconference line. Operator.

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

(No response.)

PHONE OPERATOR: And no members of the public are
queueing up at this time. Please continue.

CHAIRPERSON COHEN: All right. Thank you very
much.

This is an informational; so no action needs to
be taken on this item.

I will call Item 4, which is a presentation on
Artificial Intelligence and FTB. This -- this
presentation is by Marion Hughes, and it's an
informational item.

MS. HUGHES: Good afternoon, Chair Cohen and
Members of the Board. My name is Marion Hughes. I
serve as the Chief Technology Officer from the
Technology Services Division.

Leveraging innovative technology while protecting the privacy and security of taxpayer data is critical to our mission. There are many varieties of AI, from the simpler machine learning to the complex generative AI, a subset of deep learning we often hear about in the news.

Like most organizations, FTB has been leveraging AI for some time. And in all matters, including AI, we take a measured and careful approach.

In this presentation, I'll share the definition of AI, along with some key terms, including machine learning and generative AI. Then I'll share how FTB is using AI and finally close with some next steps.

So what is AI? It's a branch of computer science that seeks to simulate human intelligence in a machine. AI mimics problem-solving and decision-making humans do every day.

Alan Turing, a mathematician, introduced many of the AI concepts used today in a report titled "Intelligent Machinery." He gave quite possibly the earliest lecture, in 1947, to mention computer intelligence, saying, "What we want is a machine that can learn from experience," and that "the possibility of letting the machine alter its own instructions provides the mechanism for this."
Now I'll share some key AI terms.

First, we have algorithms. These are the building blocks of AI. An algorithm is a set of predefined instructions that must be carried out to perform a certain task. A simple example of an algorithm is a cupcake recipe, my favorite.

FTB's examples include our public-facing web applications, where taxpayers can make a payment or file a return, and our IVR and Live Chat applications, where taxpayers can get assistance. These applications are specifically programmed to carry out certain tasks.

Next, we have machine learning AI. This includes a set of algorithms, or model, fed quantifiable data to perform a task without being programmed to do so. These models can be trained by feeding them mass quantities of data. The model analyzes and draws conclusions from the data. The more data the machine learning AI churns through, the better it can become at performing a task, making a prediction or decision.

An example includes credit card fraud detection. Credit card companies are aware of a customer's shopping habits, and if an abnormal purchase is made, the customer will be contacted to verify the purchase.

Then there's deep learning AI, a subset of machine learning. It involves machine learning
algorithms with brain-like logical structures of algorithms modeled on the human brain called artificial neural networks. Deep learning AI enables the processing of structured, or quantifiable, and unstructured data, such as documents, images, locations, and audio.

Examples include self-driving cars and digital voice assistants. Voice assistants use natural language processing, a branch of machine learning that deals with how machines can understand human language.

And last, we have generative AI, a subset of deep learning AI. It too involves machine learning algorithms with neural networks. Generative AI's deep learning models generate content based on the data its models are trained on and the prompts or words provided. Examples include poems, lines of software code, or language translations.

I asked a generative AI tool to "create a pithy quote summarizing AI." Here's what it gave me: "AI, where innovation meets intelligence, shaping tomorrow's world today."

I like this quote better, from FTB's Enterprise architect Jason Hallford, that sums it all up: "Essentially, AI is large-scale pattern recognition."

Now here's a visual that depicts the various
forms of AI and how they're all related. You'll see that generative AI is a subset of deep learning, which is a subset of machine learning. All are considered AI. Algorithms are the ingredients of AI fueled by data, powered by computing power, enabling the AI to work.

Now here's a chart that shows the similarities and differences between the various forms of AI. The main differences are that deep learning and generative AI models require much more data and time to be trained. They can learn on their own and make complex predictions and decisions. Generative AI is the type that generates content based on the words and prompts.

You probably heard about the many successes in the AI field, including improved customer experiences; more accurate weather predictions, medical diagnoses, and treatments.

There are also considerations we learned about in the news related to AI. This includes job losses due to automation, especially for the more repetitive tasks.

Another consideration surrounds deep fakes, where AI can generate on image or video depicting something false. This could lead to manipulation of evidence, beliefs, the spread of misinformation, and unjust outcomes.

AI can also amplify biases that already exist.
The AI is as good as the techs who write the code and
the data used to train the models. And unfortunately,
I've yet to meet a perfect human.

   There are also potential privacy violations.
With so much data being collected and processed, there's
a risk it could fall into the wrong hands, either from
hacking or other security breaches.

   And AI regulations and governance have not kept
pace with technology advancements, best summed up in
this quote by Isaac Asimov. He says "The saddest aspect
of life right now is that the science gathers knowledge
faster than society gathers wisdom."

   Private and public sector entities have begun
considering, as they travel further down the AI road,
the impacts and transparency behind the AI models
necessary to help ensure that AI is fair, equitable, and
explainable.

   Many of FTB's processes are automated and rely on
technology and staff to maintain them. We have our
self-service applications, where taxpayers can get
assistance, make a payment, or file a return.

   94 percent of our tax returns are e-filed.
80 percent of our personal income tax collection
accounts are resolved through automated collections.
Over 80 percent of dollars collected are electronic.
And 34 percent of FTB's audit net assessment revenue is achieved through automated audits.

In addition, there are many examples of how FTB uses AI.

We have a suite of security tools that leverage machine learning to help secure FTB's technology systems and data.

Our EDR1 project that we implemented in 2015 uses an AI-based toolset to help build our fraud models that better detect and stop fraud. Fraud is an ever-changing field, and we must continue to evolve and stay on top of the fraudsters. Just recently -- and you saw in that video -- we saved 1.8 billion in revenue using an assortment of technology tools and techniques. We also implemented a machine learning algorithm to consolidate taxpayer information across our systems.

Our EDR2 project that Jennifer and Jose provided an earlier update on is also leveraging AI to help develop and deploy our new and enhanced expert machine learning analytic models for Compliance activities, including our Audit, Collections, and Filing Enforcement programs. This will further improve case selection and help our taxpayers meet their obligations.

We've also begun leveraging speech recognition in our Contact Center Platform and will continue to roll
this out within our IVR applications as part of our EDR2 project. This leverages natural language processing to interpret the customer's voice while optimizing a critical customer service channel and ensuring our data remains secure.

"Protecting the privacy and security of data entrusted to us" and "Operating with transparency to maintain public trust and confidence" are two of FTB's four foundational principles. We continue to explore additional use cases of how FTB can further leverage AI technology to better serve our customers while maintaining our strict privacy, security, and transparency policies and upholding our foundational principles. This includes examining improved authentication methods.

We're continuing to educate yourselves, remain informed, and monitor federal and State regulations on the topic, including partnering with our oversight departments and agencies and vendor community.

Thank you for your time. I'm happy to answer any questions.

CHAIRPERSON COHEN: Great. Thank you very much for that very broad, high-level overview.

One of the things that I learned in my briefing yesterday on this topic was that we, meaning FTB, has
been using AI since around 2011. Is that right?

MR. HUGHES: Yeah. I later fact-checked with my

architect, and he says more like '12, '13. So --


MS. HUGHES: -- yes.

CHAIRPERSON COHEN: So that's a long time that

it's been a part of our business life. And I don't know

about you, but I didn't know about it.

And so I appreciate you fact-checking that and

bringing us into the 21st century. It does make sense

how AI could be very helpful with rooting out fraud.

That's something that I always think we need to be

vigilant.

Colleagues, do you have any questions on this

presentation?

(No response.)

CHAIRPERSON COHEN: No?

You don't have one either? Okay.

So I do have a question.

Federal law and guidance, they have several

requirements, and oftentimes they're disjointed; right?

The federal government may have more lax requirements

than the State. And even local municipalities, the

counties, may have their own set of rules and

requirements for agencies that are implementing AI.
I was just wondering if you're aware of the State regulations affecting FTB's implementation of new technologies.

Ms. Hughes: Yes. I'm excited to see that we -- we, CDT, California Department of Technology -- we're all in this together -- issued their first technology letter related to generative AI. And it does fold nicely into -- it references the White House's Bill of Rights framework. It references the NIST framework, which I think is wonderful.

So I love that -- I think it was just -- was it last week? -- that the technology letter was issued. And I'm pleased to see that there's a common definition for a statewide definition of AI. So that's step one. And it does definitely leverage the NIST definition, I noticed.

So we are watching that. We are working with our procurement partners. In fact, I think Michael set up a meeting this week or next week to dig into it deeper so we can fully understand the procurement requirements specifically related to the recent regulations that we've seen.

Chairperson Cohen: That's actually good information to know.

I was wondering if you all are considering
developing and posting, like, a public roadmap regarding AI use and, where appropriate, including the schedule for engaging public input.

MC. HUGHES: I think that's a wonderful idea. You may have heard about our Technology Action Committee that reports to our Governance Council. We are standing up and assembling a team to explore further use cases of artificial intelligence.

And I'll make sure that we include that consideration to help share the transparency, which is important. The whole transparency is a common theme that I see in all the regulations of the Federal or State.

CHAIRPERSON COHEN: That's good. Thank you. And did you guys know that? Did you know this was going on in FTB?

They're like, "Yes, of course we knew. Where have you been, Malia?"

Okay. That's good to know.

Just real quick, just as a follow-up to my question, does FTB have to develop AI regulations for review by the Office of Administrative Law in order to proceed further with the implementation, or do you fold into CDT's?

MC. HUGHES: We report to CDT.
CHAIRPERSON COHEN: Okay.

MS. HUGHES: They are responsible for issuing statewide technology policy. So we would foresee what they are issuing and we are digging into that and then get more detail within the framework of how FTB should operate in order to be adhering to what CDT directs us to do.

And we would want to make sure that AI is safe, equitable, explainable, transparent, has an audit trail. And that's all consistent with what CDT is requesting.

CHAIRPERSON COHEN: So my last question really has to do with man or human power; right? Oftentimes it is presented that AI will replace the role of human beings. And we see that in driverless cars. We know that there's legislation pending about driverless trucks on the road.

I'm just wondering if there are any considerations, starting with the job losses, on how it's going to -- some of the negative implications, how they can be modified or even eliminated.

MS. HUGHES: That is a great question. I do think with technology, there's always considerations for job losses. I mean, we've had KDOs. We used to have paper tax returns and never digital and never scanning things. We used to have our KDOs do a lot of key entry
to transfer the data from the tax returns into our systems, and now we have scanners.

So it is always a consideration. We work with our labor partners to make sure there's proper notice and consideration. Because I too want to make sure that AI is used in a responsible way and considers all factors, including job losses. Because humans can do a better job at many things than I think that technology can, whether it be AI or newer technology.

CHAIRPERSON COHEN: Now, on my last question, I raised it yesterday on our briefing and I want to raise it publicly. And it really has to do with the biases.

There's been studies written and published about AI about the biases -- gender bias, racial bias -- that is naturally inherent in human beings. We would like a utopian society. We would like to ideally be able to have AI generating things that is bias-free.

But people are creating the algorithms. People are creating the formulas. And like you said, you've never met a perfect person, although, Selvi, you come very close to it.

MS. HUGHES: Darn near.

CHAIRPERSON COHEN: You come very, very, very close. Okay. All right.

But just acknowledging that none of us are
perfect. And how do we eliminate that, that bias that exists?

MS. HUGHES: I wish I had a magic wand. I do -- I do think how we can mitigate that is to always make sure a human is in the equation to validate that we're not targeting anybody or any group or any community based on the protected classes.

And thankfully, we do have humans in the mix at FTB, and we are watching out for that, and we are very careful.

So I do know that is what the literature says on AI: Make sure there is a human in the equation. Maybe look out for the hidden layers within AI. Don't -- I would recommend that FTB not have any hidden layers of AI in the future, because then you can't explain it. You don't know what the output is going to be.

So always having a human in the equation, even though we are fallible, but just to do the checks and balances. I think that is a good way to mitigate it. And just taking advice from all the private and public sector great minds who are getting together to tackle these dilemmas.

CHAIRPERSON COHEN: Well, Ms. Hughes, thank you. I appreciate this overview. I can tell you're excited and enthusiastic about the topic. It comes across in
the presentation.

Let me open it up and see if there's anyone that would like to ask a question. I know your boss is in here, but don't worry. Nothing punitive will happen. If you have a question, you can ask. This is a safe space.

(No response.)

CHAIRPERSON COHEN: Okay. Seeing that there's no question in the auditorium, let's go ahead and look online -- or on the teleconference line.

Is there a question, Mr. Operator?

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

(No response.)

PHONE OPERATOR: And no members of the public are queueing up at this time. Please continue.

CHAIRPERSON COHEN: All right. Thank you. Let's -- this is an informational item also too, folks. So we're not going to take action on this.

Our next item is 5, which is a presentation on the Management Development Program project, the new electronic payment options.

And so this presentation is by Jason Hughes. No
relationship; right?

MR. HUGHES: No relation.

CHAIRPERSON COHEN: Okay. No relation. And also
David Hunter. And again, this is an informational item.
Go ahead.

MR. HUGHES: Thank you. And good afternoon,
Chair Cohen and Members of the Board. My name is Jason
Hughes. I'm from the Organizational Development and
Talent Management Bureau of FTB's Administrative
Services Division. And I am joined by my colleague
David Hunter, from the General Tax Bureau of FTB's Legal
Division.

David and I were participants in last year's
Management Development Program, or MDP as we call it.
MDP is an annual development program that invests in its
FTB leaders by providing leadership training to around
20 managers and supervisors across the Department. The
program includes a project component that is designed to
address a specific enterprise business opportunity.

And over the next few minutes, David and I will
provide information and findings from our project on
researching new electronic payment options for
California's taxpayers.

Our project focused on FTB's strategic plan goal
to provide exceptional experience and strive to
continuously enhance our customer's experience. These goals include initiatives to champion an organizational culture to achieve positive customer experiences and educate our customers on using services and information to improve their experience.

With these goals in mind, our team set out to research using viable third-party electronic payment options for taxpayers and to improve the experience by increasing payment processing efficiencies.

As we present our project details, I would like you to consider, you in the audience, the last time that you had to make a payment online. What payment method did you use? How was your --

CHAIRPERSON COHEN: My husband's American Express, I can tell you that.

MR. HUGHES: Perfect. How was that experience?

CHAIRPERSON COHEN: It was easy.

MR. HUGHES: Was there a fee, and did it matter?

CHAIRPERSON COHEN: No, it doesn't matter. I'm not paying it.

MR. HUGHES: So consider that experience and as it relates to the information we're about to share with you.

Our team began by researching the existing ways that taxpayers can make an online payment to the
Franchise Tax Board. On FTB's website, taxpayers have two main options for making a payment. The first option is to use their bank account using our Web Pay platform, and this option is free to the taxpayer.

The second option is to use a credit card, like the American Express. Today, FTB uses a third-party vendor to facilitate receiving the payments, and this does come with a 2.3 percent service fee that is collected and retained by the vendor.

Our team also worked with FTB's e-Program Section to collect data on the FTB's website. The data showed a decline in the percentage of people who visited the site and ultimately followed through with making a payment. This statistic is called the conversion rate, and it indicates how many visitors came to the site and performed the intended action of that site.

Focusing now on our Web Pay experience, our team met with various business areas across FTB to understand the customer's experience while using this service.

When making a payment using Web Pay, taxpayers are presented with seven different types of payments to choose from, and this indicates what kind of payment they are making.

Our research showed that some taxpayers select the wrong payment type when making a payment online.
When this happens, it creates additional manual work for FTB staff that is time-consuming and difficult and ultimately increasing the time it takes to process that payment.

So with this information, our team now had an objective. We sought to identify how can FTB increase the conversion rate and guide taxpayers to select the correct payment type when making a payment. Our team reviewed FTB's website from that customer's perspective to identify solutions that would help guide users to select the correct payment type and have a better understanding of the Web Pay feature in general, ultimately to provide better services and outcomes.

Our team noticed on the website the "Help" link shown here on the screen. It's near the bottom. It does contain all of the information that the taxpayer needs to correctly identify what payment type to select. Since all the information is here, our solution was to make this information more visible to the user.

We considered several options to accomplish this, and ultimately, our solution was a simple but effective one: Let's move the "Help" link up to the header and include a message that "If you are unsure what payment type to select, click the 'Help' link."

This small but significant change proposed by our
project team will bring attention to the information available to taxpayers, and it will help guide them to select the correct payment type. Ultimately, this is going to reduce the number of payments containing incorrect payment types, improve payment processing time, and provide a better experience to our taxpayers.

Our research also showed that more and more customers are choosing to make payments online. With this in mind, it’s going to be important that we educate our customers and provide the information that they need that is available to improve their experience.

So another opportunity that our team presented was to provide tutorial videos for FTB’s Web Pay and other online services. These videos would cover taxpayers’ options, what payment types to select, and overall navigation of the website. These videos will be available here on FTB’s landing page, and we are happy to report that production of these videos is currently underway. And with these new tutorials, taxpayers will now have clear instructions explaining how to use our e-payment services.

Next up, I'm going to pass it over to my colleague David Hunter, who is going to share our team's findings regarding new electronic payment types.

MR. HUNTER: Thank you, Jason.
During our project, we also focused on researching new electronic tax payment options for our customers. We evaluated all of our taxpayers' current available payment options and explored alternative electronic payment methods, preferably those with low fees.

As part of our research, we contacted other California State departments to gauge their efforts in accepting electronic payments, and we also researched the other -- the revenue departments of the other 49 remaining states. We catalogued their payment options and their fee charges. We even went online and made a one-dollar payment on our own individual MyFTB account to get the flavor of the FTB payment experience and to see what it is like for taxpayers to use our website.

We gathered the data. We compiled a report on the most recent tax payments and general payment trends. We found that the use of digital wallet payments such as PayPal, Venmo, and Apple Pay is skyrocketing.

A digital wallet is just like the physical one that you carry. It functions similarly by storing all of your cards, bank information, IDs, and even a digital cash balance in a wallet that can be used whenever needed. By opening in an app or scanning a QR code, you
can make a payment quickly, easily, and securely using any of your stored credit cards, debit cards, or bank accounts or from the balance in your digital wallet.

We also found that over half of the people in the United States use digital wallets today, and by 2025, this is expected to increase to over two thirds of the population. Also, the latest research shows that digital wallets were used to transact $9 trillion in payments worldwide during 2023, with predictions that digital wallets will be used to transact over 16 trillion in payments annually by 2028.

We were energized by finding that electronic payments are on the rise here at FTB as well. More than half of tax payments are made electronically, and despite the 2.3 percent fee, making personal income tax payments with a credit card is up 77 percent since 2008.

Also, as part of our research, we found that the Internal Revenue Service started accepting PayPal and Venmo using one of their outside vendors. In the first year alone, PayPal and Venmo made up 5 percent of all the electronic payments processed by this vendor for the Internal Revenue Service. In total, this accounted for over $112 million. And it's also important to note that we currently have a relationship with the same vendor here at FTB.
Based on our findings, it is apparent that digital wallet usage is increasing, as is the number of people using these payment options daily. As FTB continues to explore and evaluate options for electronic payments, our team has provided data on how we can provide services to our customers in a manner that they prefer and are accustomed to using. Plus more electronic payments means less paper process, and you know we love that.

In summary, FTB is taking steps to improve its Web Pay platform in ways that will better guide taxpayers in making their payments online.

On behalf of Jason, myself, and our MDP team, it was a pleasure working on this project and sharing this information with you. We thank our leadership for all the support that we received.

And lastly, we thank you, the Board Members, for your time. We're here to answer any questions. Thank you.

CHAIRPERSON COHEN: All right. Thank you.

Colleagues, do we have any questions?

Ms. Gonzales, any questions?

MEMBER GONZALES: Yes, thank you. One question.

CHAIRPERSON COHEN: Great.

MEMBER GONZALES: Have you -- do you have any
data showing that the implementation of the "Help" link has helped the erroneous payment types?

MR. HUGHES: So the "Help" link as well as videos are currently under production -- or in production, and the changes are underway.

MEMBER GONZALES: Okay. When will that be implemented?

MR. HUGHES: I do not have a time frame on that, but we'd have to get back to you.

MEMBER GONZALES: And then assuming once it is implemented, you'll track the -- so we could have a sense of whether it has helped?

MR. HUGHES: Yes, absolutely. That would be great.

MEMBER GONZALES: Yeah. Great work. I love the MDP projects. They're always very helpful in the customer service arena. So appreciate all your hard work.

MR. HUGHES: Thank you.

MEMBER LIEBER: Thank you, Chair. I very much appreciate the work in this direction, and I think in particular moving towards use of digital wallets just keeps up where -- with where people are going to.

And I wonder, as you implement the changes to the
site, do you have a disability council that you move
such changes through to get input about the usability?

   MR. HUGHES: Yeah, we do. I don't know the
details, though.

   I would kick that over to Shane, if you have
additional info.

   MR. HOFELING: Yeah, we do. So we work closely
with our multimedia staff and our web team to make sure
that every -- all of our web products are accessible.
We go through extensive testing and training to make
sure that all the websites are accessible.

   MEMBER LIEBER: Fantastic. I think it's a much
easier way of managing collections. So thank you.

   CHAIRPERSON COHEN: Quick question. Do you see
any increased security risks associated with electronic
payments?

   MR. HUGHES: Yeah. I think there's risk always.
And that was one of the things our team didn't get to
dive too much into, but when talking with different
vendors, that's something that's on their mind as well.
And all of those details will probably be fleshed out,
like, in the contract when we're working with the
vendors.

   CHAIRPERSON COHEN: Can you still establish a
payment plan even with electronic payments?
MR. HUGHES: That, I do not know. I kick that over to Shane as well.

CHAIRPERSON COHEN: Okay. Just so you know, the Board is like 2 for 0. We got -- we've stumped you guys twice. I love that.

But no, Shane coming in for the save. Okay. Come on for the assist. Come on, Counsel. What do you got for us?

MR. HOFELING: Yes, you can.

CHAIRPERSON COHEN: Yes, you can. And I love it, so succinct. He's like, "Yes. Yes."

Thank you. There it is. Now we know. Okay. And then question: Will you continue to have Web Pay and credit card payment options in addition to e-payments?

MR. HUGHES: I would think so, yes. Yes.

CHAIRPERSON COHEN: That's good. That's good. My mother would need that.

And speaking of my mother, will there be any videos on how to initiate electronic payments? You know, like a how-to.

MR. HUGHES: On how to initiate the --

CHAIRPERSON COHEN: A video --

MR. HUGHES: A video?

CHAIRPERSON COHEN: -- on how to make these
e-payments.

MR. HUGHES: Yes. That's part of those tutorial videos that would be up there.

CHAIRPERSON COHEN: Yeah, okay. That's great. I love that.

Let's see if there's any comment in the audience. Any members would like to comment on this item?

(No response.)

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

Mr. Operator, are there any -- anyone queued up for public comment?

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

(No response.)

PHONE OPERATOR: And no members or the public are queueing up at this time. Please continue.

CHAIRPERSON COHEN: All right. Gentlemen, thank you very much for your presentation.

This, again, folks, is an informational item. So no action will be taken.

We are going to continue moving forward. We're going to have Item 6, which is an Executive Officer's
time. And I'll turn it over to Selvi Stanislaus.

EXECUTIVE OFFICER STANISLAUS: Thank you, Madam Chair, and good afternoon, Board Members.

First and foremost, on behalf of FTB, I would like to extend a heartfelt welcome to our newest Board Member, Sally Lieber from the Board of Equalization. Welcome.

As the member for District 2, Chair Lieber represents 10 million constituents.

Member Lieber, your expertise in leadership, public service, and advocacy will certainly be invaluable as we navigate the challenges and opportunities ahead.

Although she's not here today, I also want to take a moment to express our deepest gratitude to Gayle Miller for her service as Chief Deputy Director of the Department of Finance. Gayle's commitment and leadership has left an indelible mark on our Board. We wish her all the best in her new role.

I also want to congratulate Michelle Perrault, who is taking over for Gayle as the new Chief Deputy Director of Finance.

I also want to take this opportunity and welcome Erica Gonzales from Department of Finance, who is joining us today. We love Erica because she is an FTB
We are very excited to have both Erica and Michelle, and we look forward to your contributions to the Board.

CHAIRPERSON COHEN: No wonder those questions were so thoughtful and thought-provoking.

EXECUTIVE OFFICER STANISLAUS: As we gather here today, I am reminded of the invaluable guidance and leadership provided by the Controller. Your insights, your wisdom, and your dedication to serving the people of California are truly commendable. It is through your vision and strategic direction that FTB continues to thrive and fulfill its mission.

I would be remiss if I did not take this brief opportunity to express my deepest appreciation to the hardworking employees of FTB. Your professionalism and commitment to serving the taxpayers of California are the driving force behind our collective success.

Now I would like to turn the floor over to Roger Lackey, our Filing Division Chief, to briefly discuss Direct File.

Thank you, Board Members, for your time.

MR. LACKEY: Thank you, Selvi.

Good afternoon, Madam Chair, and our Board Members. My name is Roger Lackey. I am the Filing
Division Chief here at the Franchise Tax Board, and I'm here today to share some information about the IRS's new Direct File pilot.

So in late 2023, the IRS announced their Direct File pilot and invited states to participate. We happily accepted the invitation, as did 11 other states, enabling interested and eligible taxpayers in those states to use the Direct File pilot. Since then -- I'm sorry. Since then, we have been in collaboration with the IRS to ensure we are staying in step with their progress as they moved through their phased approach to launch.

The Direct File pilot allows taxpayers, upon their determination of eligibility, to input their information, which creates their federal filed return. To qualify, a taxpayer must reside in 1 of those 12 states and file a less complicated return and a standard deduction only.

For California, we agreed to partner with the IRS by having the Direct File tool push all California taxpayers to our current stand-alone system, known as CalFile. So when a California taxpayer is directed to our landing page, they are instructed to log in to their MyFTB account or easily create their new MyFTB account. Having the taxpayer authenticate through MyFTB helps us
authenticate the individual to protect the taxpayer and the State of California.

On March 8th, the IRS opened the Direct File for all eligible taxpayers in the 12 participating pilot states. Since their soft launch in February, they have had 50,000 taxpayers from across the participating states engage with Direct File. "Engage" means they've created an account, they've started their tax return, or they have completed their tax return.

By way of comparison, we, California, Franchise Tax Board, have had 39,000 taxpayers complete their state income tax return using our CalFile application.

As we continue to collaborate with the IRS, we do believe it is important to understand what kind of traffic we are getting from the IRS Direct File pilot. So we are tracking how many people come to Cal File using the Direct File link provided by the IRS. To date, we've had 3,800 referrals that have come.

We do not know if those individuals, at this point in time, have filed their tax return. I just want to make sure that's clearly noted.

We are tracking these visits to determine if there are -- if there's increases that we see overall with our CalFile usage and then to be able to share that information with the IRS, as well as our stakeholders.
and the Board.

We continue to engage with the IRS on the Direct File pilot as they evaluate its success, its challenges, and the future of the program. Based on that evaluation and our own analysis and research, we will be able to evaluate and identify potential opportunities to improve the taxpayer experience filing both their federal and state income tax returns.

And so with that, I thank you for the time, and I'll pass it back to Selvi.

CHAIRPERSON COHEN: Thank you very much.

Colleagues, do you have any questions regarding this program, this new program?

Ms. Gonzales? No?

Sally?

MEMBER LIEBER: No. I did read through the letter that we received about making the use of the federal tool seamless with our California tool.

And I wondered if you had ideas about how that could be achieved. It sounded like there wasn't a huge number of people who came across from the federal side. I think you said around 3,500.

MR. LACKEY: Yes. Yes. So yeah, we do have -- I think the one thing to note on this is, one, it's the IRS's Direct File pilot. So there are quite a few
dependencies there. It was presented really late in the
year. We appreciate them reaching out to us right away
to share the concept. And so as we went through that
part of the process, really kind of trying to understand
what were those major items that would need to be
accomplished to allow such integration.

For California, what's a little bit different is
our CalFile service, that product, has been in place for
15 years. It's a very successful product. It's a
little bit more comprehensive in terms of the filings
that are, you know, eligible through that.

So we're taking a look at that and what's
available. We're trying to understand the concept that
the IRS is putting together. They were on the fly --
you know, those are kind of their words -- of trying to
put this together and move it quickly.

And so as they've worked through that, we have a
better understanding of some of their infrastructure
that they're building. We have a better understanding
of some of the choices that other states are making, in
terms of participating, those that have state income tax
filing requirements.

And so that's part of that evaluation that we're
going to be going through end to end, to look at it; to
see how it might work, what opportunities, what
different options exist there; to be able to create, potentially, a more seamless service for taxpayers.

I think as you kind of look at all the presentations that you've seen or heard here today, the thing that's in the front of Franchise Tax Board always is how we can improve service, and this is just another opportunity to look into that. It's just it's in a compressed time frame.

And as well as the one thing that's really important to note about when we talk about creating new tax filing processes, that is a large cycle. So it's really kind of tied to that April 15th date that we love so much.

So, you know, our hope is as we go through this, the IRS is successful, we learn more in that partnership, we learn more from the other states, and we're able to gather that information and bring back opportunities for us to consider more deeply.

MEMBER LIEBER: And if I may continue, how many returns are done through CalFile?

MR. LACKEY: Right now it's between 80- and 90,000, is what we see annually. A lot of repeat filers.

MEMBER LIEBER: Okay. And I wonder, as we go along, what are the ways of growing that so that people
can actually access some of the benefits of filing, even
though they may have not done it in the past?

MR. LACKEY: Yeah, I think that's part of that
analysis to go through. And, you know, I think me
personally, I was excited. We've had a lot of
conversations over the years where they have visited
with us to better understand the CalFile program that we
have. And so if you were to look at the inner workings
of the IRS's program, you'll see little pieces that
resemble Cal File.

So the success that they may have, that allows us
to engage with what opportunity may exist for
California.

MEMBER LIEBER: Okay. Thank you.

CHAIRPERSON COHEN: I'm curious. How was
California chosen to participate in this pilot program?

MR. LACKEY: Why or --

CHAIRPERSON COHEN: How?

MR. LACKEY: -- how?

The FTA, they actually approached us first -- the
IRS, the Federation of Tax Administrators.

So the IRS as well as the Treasurer [sic]
approached the FTA to reach out to the states and invite
that participation. They did what I call a kind of a
focus group to better understand how -- if they built a
Direct File program, how that might affect states and how that relationship might work, what might taxpayers expect, which, Member Lieber, you kind of just talked about; right? You know, the ability to have more of a seamless filing service.

So they took that into account as they developed the concept for that pilot. And then through those conversations, you know, internally, we stepped back and said there's only opportunity to participate in California. California has -- is one of the largest states -- well, is the largest state in terms of population. We have over 20 million taxpayers that file annually. I'm understanding it's upwards of plus 10 million taxpayers that could be eligible for a successful Direct File pilot.

When the limitation of not participating and actually not allowing Californians to have the ability to participate, it was -- you know, the right decision is what we can do in terms of participation is to sign up, be 1 of the 12 states to enable taxpayers to be able to receive an invitation from the IRS when they go in there, go through their questionnaire, fill out the tax return, and get an offer to actually come to California -- our CalFile page and complete that California filing.
CHAIRPERSON COHEN: So I think you might have touched on it a little bit in the presentation and in that brief remark, but I want to tease it out a little bit.

MR. LACKEY: Sure.

CHAIRPERSON COHEN: Just to gain a better understanding as to how California -- how we are working collaboratively with other states during this pilot program.

MR. LACKEY: Sure. Thank you for asking.

Actually, our Director of our Filing Methods -- she has been in contact with those states that actually are participating that actually have state income tax filing requirements. Two states to mention would be New York and Arizona.

So in addition to frequently meeting with the IRS, we're also frequently meeting with those states to get a better idea of their experience, of going through that, understanding -- because, like, as I mentioned, their methodology or approach is different than ours -- again, trying to gather all information available so that we can be thoughtful about what opportunities may exist, if the IRS determines that this program is something that they will be moving forward with.

CHAIRPERSON COHEN: So in the pilot this year,
there are -- three other states are fully integrated; right? Meaning -- well, let me tell you -- meaning that the taxpayer data is prepopulated directly from the IRS Direct File tool to the state tax filing tool.

    MR. LACKEY: Yes, in general.

    CHAIRPERSON COHEN: And it is in theory that -- well, let me not put the theory out there.

    Explain to me how our program works.

    MR. LACKEY: Sure. Thank you for asking.

    So what would happen for a California taxpayer is they would use the Direct File service, input their information. Through that process, they'll be asked some eligibility questions, you know, basically identifying them as a California taxpayer. And through that process, the IRS would let them know, "Hey, you're eligible to actually use the CalFile product that the Franchise Tax Board, State of California, provides."

    And so then they would send them a direct link. We have a unique link for them to come. So once they get into the CalFile application, it's all the same, but at least that way we can track that they're coming from that, from the IRS. So that's that first step.

    Now, when they go ahead and they enter our application, if they already are a taxpayer that's filing with California and they have a MyFTB account --
we'd encourage everybody to get a MYFTB account -- they would be able to go in. And then what happens is we actually auto-fill as well.

So because we have record if you're an income tax filer with California, then we'll have that information. So we're going to provide your name, your address, the basic information there, and ask the questions.

What information do we need from your Federal income tax return? We only need a very little amount of your Federal information to get your California tax return started. It's very minor. I don't have the specific lines with me but it's very minor, considering the whole Federal income tax return. That's not what we ask you to do in CalFile. We're focused on what your California income tax return is and only those items that are specific that need to carry over from the Federal return.

CHAIRPERSON COHEN: So earlier I was saying that in the pilot this year, there are three states that are fully integrated. But it's been brought to my understanding that California is partially integrated, partially integrated meaning that the Direct File users are directed to CalFile but their tax data isn't imported from the Federal tool and prepopulated into the State tool.
MR. LACKEY: Uh-huh.

CHAIRPERSON COHEN: Is that right?

Can you talk to me a little bit about why that is the case?

MR. LACKEY: For us currently, it goes back to the time -- right now is the time frame in which the IRS actually marketed out their Direct File pilot.

CHAIRPERSON COHEN: Uh-huh.

MR. LACKEY: A very, very short time frame. For us, there was a lot more questions than there were answers at that time. So that's where we start, from there.

Then it's the next step would be, well, what can we do? And then that's where we landed on our methodology or approach to that.

CHAIRPERSON COHEN: So do you anticipate, in the future, us being able to be fully integrated?

MR. LACKEY: I don't know. I can't tell you the answer is yes. What I can tell you is, is that we're trying to gather all of that information so that we can provide thorough, completed staff work to look at the opportunities that exist and provide recommendations.

CHAIRPERSON COHEN: So when the federal government came and said, "Hey, California, do you want to participate?" we said enthusiastically, "Yes."
Did the federal government have, like, a list of options or a menu of items that we can pick a la carte?

MR. LACKEY: No.

CHAIRPERSON COHEN: No. So we are doing our best with what we have.

MR. LACKEY: Yeah. The IRS has a pretty significant challenge in front of them.

CHAIRPERSON COHEN: Uh-huh.

MR. LACKEY: As they offer this for every income tax-filing state, they have to figure out what's the most -- what's the best approach for them. Do they -- you know, are we, each one of them, an individual specialized client that they have to prepare for, or is it something less than that?

And so those were some of the open questions, you know, as they kind of initiated this concept with us, for us to understand. And then when you look specifically at California and the differences between Federal income tax filing and California income tax filing, our complexity is a little bit -- a little bit more than just basic. So --

CHAIRPERSON COHEN: Of course, nobody wants to be basic.

MR. LACKEY: Well, it's -- we're a complicated state.
CHAIRPERSON COHEN: No kidding, yes. 40 million people, fourth largest economy. Like, I know. The list goes on.

MR. LACKKEY: Yes.

CHAIRPERSON COHEN: Okay. So there was an article that came out -- I think it was today; right? Today is the 26th? Yes -- that came out today talking about this program. And it was argued in the article by TurboTax and -- yeah, Intuit created TurboTax, but TurboTax -- what's the other one?

(Book Members speaking sotto voce.)

CHAIRPERSON COHEN: Huh? H&R Block. Yes. That TurboTax and H&R Block have a similar function, and it's actually free.

Now, granted, this was free-ish. Our pilot program is free-ish, meaning that tax filers aren't paying a fee, an application fee to apply. But you could argue that there are tax dollars being spent as we ramp up to participate in this pilot program but also to work out the kinks.

So my question is how would you answer that question about is it free, is it not free, or this service that we are providing tax filers is duplicative to, you know, a software that's already on the market and available to them?
MR. LACKEY: So I'm going to try to keep my answer pretty brief, because there was a lot in there.

CHAIRPERSON COHEN: Yeah, it was. Yeah.

MR. LACKEY: So for our purposes, what's important to us is to provide options to taxpayers that enable them to file free. And so if you were to actually visit Franchise Tax Board website, you'll see any free filing opportunity that exists, we market that out. That's our approach to things.

And so whether it's, you know, a TurboTax or an H&R Block or any of the other, you know, tax software industry companies, if they offered a free service, that's on there. There's others that, you know, that are on our site that are provided.

So that's something that our team, again, our Filing Methods area, just pays attention to each year, is what is -- what are free services that are there, and we offer those free services.

You know, the VITA Program is -- it participates. You know, they use -- the TaxSlayer is the current service that's contracted with that.

So that's really the answer. It's not FTB's, our position, in terms of the operation administration of just the income tax filing to really kind of take a position ourselves. It really is we want to create
opportunity for individuals to file their tax returns. If there's an opportunity to do that free and it's marketed, that's for the taxpayer to make that choice.

CHAIRPERSON COHEN: How long are we going to be participating in this pilot program?

MR. LACKEY: Well, what I would say right now is, is that we're just evaluating the program itself. We have no indication from the IRS that this will continue on next year, the year after that, or the year after that. And this kind of goes back to the initial discussion with, as the concept was approached, there was a lot of open questions that didn't have answers to.

So when we evaluate the investment, I think -- and that's where you're leading towards -- of what do you do, those are things that normally you would take into account, as to what can we do with what we have, before you ask for something more.

CHAIRPERSON COHEN: Okay. And just for those of you that are wondering what article am I referencing, it was an article that came out in Marketwatch.com, "Early reviews of the IRS Direct File free tax-prep tool are in, and here's what taxpayers say so far."

And overall, people like it. Now, I don't know if they interviewed Californians, but that was the overall tone and tenor of the article. So if you want...
to check it out, go to Marketwatch.com and you can read it for yourself.

I have no other questions. Let's see if there's any members of the public that would like to come and talk or give comments on this.

Please, welcome to the podium. Great. I've been waiting for this all day, public comment. Thank you.

Let's get her mic on, please.

MS. OLLE: Got it. I got it now. Thank you.

Thank you, Chair Cohen, Members of the Commission. Teri Olle with Economic Security California. We're an organization that's actually been working a long time on expanding access to tax credits.

And I don't think I'm overstating it by saying that this is an incredibly pivotal moment right now, and I really want to commend the Franchise Tax Board for agreeing to be part of this pilot. For years, we've been waiting for the IRS to kind of throw open wide its doors and create an online tool that states could tap into, since we know that most people start their tax returns at the top with their federal return and they don't start at the state. And so starting with the federal really matters.

Just an investment point, and I do have a couple of impact points as well. But the IRS has calculated
that for every dollar that it is spending on creating Direct File, it is returning $106 to American taxpayers. So, you know, we're only the fourth largest economy. So we can do the math a little bit differently. But I think it really goes to show how this kind of investment makes a difference and will be putting money directly into the pockets of people.

And that's actually what I really wanted to talk a little bit about, since you did such an amazing job, I think, detailing the process and how the -- how it works. And just to encourage you really to think about prioritizing seamless integration with Direct File next year, if the IRS continues its pilot, which, of course, we're really hoping it does and will be advocating for.

Right now, filing taxes is expensive. It's difficult. On average, it costs about $150 and nine hours of time. Calculations that have been done in California have suggested that it's in the hundreds of millions of dollars that taxpayers pay out of pocket to paid tax preparers in order to file their taxes. And part of that, of course, is because it's daunting and confusing and complicated. And so we want to make it easier, but we also want to make it free.

And so, you know, we know even more -- a more challenging stat is what's around people who are
actually our lowest income tax filers in the state, people who are claiming those really valuable refundable tax credits, like the California Earned Income Tax Credit, the Young Child Tax Credit, and the federal -- the federal Child Tax Credit and Earned Income Tax Credit.

We know roughly 60 percent of those filers are actually paying paid preparers, and that doesn't even include people who are using paid software. So that's a lot of money that is not going to people but is instead going to pay preparers.

But this is the moment where it changes and where we have just a massive opportunity right now to, again, throw open the door and make tax filing free, make it simple, and really show that the government can be responsive and supportive of the needs of California taxpayers.

And with that, I would love to close and just thank you so much for the collaborative and cooperative work that your team has been doing. I've been working with a number of people at the FTB for years around simplifying access, and I just really want to thank you for all of the great work that you've been doing and offer myself to continue to help you as we make this a successful pilot in California and ideally make it a
seamlessly integrated process next year so that it's
available to even more people.

    Thank you.

CHAIRPERSON COHEN: Thank you very much.

Appreciate your comment.

Next speaker, please.

MS. OROZCO: Good afternoon. I'm Vanessa Orozco
with Golden State Opportunity, and I'm here in full
support of the Direct File integration for the 2025 tax
year.

    The current system makes it too hard for
Californians with low incomes to claim the tax credits
they're eligible for, such as the California Earned
Income Tax Credit and Young Child Tax Credit. The
people who would benefit from these refunds are the same
ones who either do not claim their credits because their
filing taxes is too hard or expensive or they do file
but they have a significant portion of their credits to
a tax prep company middleman.

    The IRS Direct File is a critical step in making
sure everyone can access the credits they deserve. We
thank you for taking part of the significant step to be
a part of the innovative pilot. We're confident it will
make our tax code more equitable by increasing access to
critical tax credits for low-income households.
Thank you.

CHAIRPERSON COHEN: Thank you very much for your comment.

Seeing that there are no members in the audience clamoring to comment, let's go to the teleconference line.

Mr. Operator.

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

We do have a comment from Jafet Diego.

Please go ahead.

MS. DIEGO: Hello? Can you hear me?

CHAIRPERSON COHEN: Yes. Go ahead.


Hi. My name is Jafet Diego, and I am the Free Tax Prep Assistance Coordinator at United Ways of California. And I'm joining today's meeting just on behalf of our organization to thank the Franchise Tax Board for all the great work that you do and for agreeing to participate in the IRS Direct File Program.

So through our work, we've witnessed the profound impact of free tax prep and refunds on our communities by connecting individuals to key tax credits like the
California Earned Income Tax Credit, the Young Child Tax Credit, and the Foster Youth Tax Credit.

We're able to help Californians all over the state get the help that they need. This ranges from helping them put food on the table or paying overdue bills or even securing stable housing or even furthering their education and career. This is really crucial, as our real cost measure indicates that one in three families in California struggle to meet basic needs despite 97 percent of households having at least one working adult. So we know that they simply lack the job security and economic security that they need.

What we hear from filers almost on a day-to-day basis is that they're spending way too much filing with a paid tax preparer, often without guaranteed access to the tax credits that they are entitled to. And so the IRS Direct File Program really bridges this gap, ensuring that more people can file their taxes for free and keep that hard-earned refund and those hard-earned tax credits in their pocket.

While the Volunteer Income Tax Assistance Program serves thousands across the state and we're incredibly proud of what we do with the VITA Program, demand definitely exceeds capacity. This is why we are committed to making e-filing easier and more accessible.
to all Californians. We believe that tax filing should 
be free and accessible to everyone and that the IRS 
Direct File Program will complement the VITA Program, 
not replace it. VITA remains an essential program for 
individuals with specific needs, such as those with 
disabilities, who have language barriers maybe, or need 
a lot more support with applying or renewing an ITIN. 

And so we really firmly believe that, together, 
we can make free filing more accessible and equitable 
for all Californians. And again, we thank the Franchise 
Tax Board for all your hard work with this issue and 
this matter.

Thank you.

CHAIRPERSON COHEN: Thank you very much.

Mr. Operator, is there another caller?

PHONE OPERATOR: There is. Next we'll go to Erin 
Hogeboom.

Please go ahead.

MS. HOGEBOOM: Great. Thank you.

Hi, good afternoon. My name is Erin Hogeboom, 
and I'm director of San Diego for Every Child. I also 
want to commend the Franchise Tax Board for 
enthusiastically participating in this pilot. I'm 
calling in full support of the Direct File integration 
for tax year 2025, should the IRS Direct Tax Tool
continue.

We, as an organization and individuals, care about cutting the experience of child poverty. And given that tax credits are one of the biggest tools that we have to make meaningful strides in that effort, filing taxes should be easy and available to all. Taxpayers -- oh. Taxpayers shouldn't have to pay to fulfill this civic duty. For the families we work with, every dollar counts.

Again, I just want to emphasize the critical importance of ensuring that CalFile works seamlessly with the IRS Direct Tax Filing Tool in the future.

Thank you so much.

CHAIRPERSON COHEN: Thank you for your comment.

One last question before we close this item.

Is there language access? How do people who don't speak English access this information in this filing?

MR. LACKEY: For the IRS?

CHAIRPERSON COHEN: Yeah. Or not for the IRS.

For our State portion.

MR. LACKEY: Yeah. So we do have information in Spanish on our website.

CHAIRPERSON COHEN: Okay.

MR. LACKEY: There's other -- it's limited with
other languages for different, other services. I don't have all of that information. If that's something that you would like us to provide afterwards.

CHAIRPERSON COHEN: So you have more than Spanish?

MR. LACKEY: On different products. I don't have --

CHAIRPERSON COHEN: Different products.

MR. LACKEY: Yeah. I don't have --

CHAIRPERSON COHEN: But, like, this specific product.

MR. LACKEY: Just -- I do believe it's just Spanish.

CHAIRPERSON COHEN: Okay. We need to work on that.

All right. That's it. Thank you very much. I appreciate your presentation. Oh.

MEMBER LIEBER: Question. Do we have a sense of how many filers there are who file a federal return but then don't file a California return; so they lose out on our California-specific tax credits?

MR. LACKEY: Yes. We actually -- I think some of the folks that are advocates for that, one of our 2023 accomplishments was actually on that subject. And so what we actually did is we sent out letters to taxpayers
who are nonfilers.

    We don't know, necessarily, if they've claimed a federal or an income tax credit, but we could evaluate the information we had to determine if they may be eligible for the California Earned Income Tax Credit. And we sent them a letter saying "Hey, there's this opportunity there for you to go ahead and file." And we did have some taxpayers that took advantage of that.

    We also evaluated taxpayers who did file their tax return with us and it looked like they may be eligible. So we, by chance, you know, offered, "Hey, you know, take a look at this. You may be eligible for it or not."

    The response rates on those aren't that high. That's not uncommon. But it is something that we're proud of. It's one of our accomplishments from last year, you know, trying to create opportunity for folks, you know, that that California Earned Income Tax Credit may be available to them.

    MEMBER LIEBER: Okay. Thank you.

    MR. LACKEY: Sure.

    CHAIRPERSON COHEN: All right. Thank you very much.

    This is an informational item. So there's no action that will be taken on this item.
We're going to move on to the last item of the day. It's Item 7. It's the Board Members' time.

And it's a time where we just -- I don't know what we do. We just talk. We just talk about things that are on the forefront of our mind.

Would you like to go first? You look ready.

MEMBER LIEBER: I'm not ready, but I will definitely go first.

CHAIRPERSON COHEN: Okay.

MEMBER LIEBER: And I just want to thank our State Controller and our other Board Members who are here and the leadership of the agency. And everyone that I've had the chance to interface with from the agency has been so helpful in welcoming me here.

And I have my staff member, Doug Winslow, who is here, who is our chief consultant; John Thiella, who is known to many folks around the FTB as a longtime hand in tax matters.

And I come to this by being an IRS kid. So it's been a long haul. And I'm really heartened to hear the advocacy community that's here today engaging with the FTB and the excellent staff that we have at the FTB.

For me, it's all about the Californians who have the least in resources, despite their enormous work in our state and the work that they do that we all depend on,
but they end up with very little in terms of resources. So any information that we can get back about getting our state-level tax credits out to folks. And I was really heartened to hear that we have nearly 350,000 outreach notices that go out. But if we can think of some creative ways to really expand that and to work with our great advocacy community that we heard from today, I think it would mean a lot.

Within my district -- and thank you, Selvi, for saying that I represent 10 million people. That shocked even me when you said that -- but are so many people where there's a family with five jobs between two parents and oftentimes having just one room in an apartment for the family or even sharing one room within an apartment. And so I think that anything that we can do to get resources out to people would be so meaningful.

Coming from Michigan, from Detroit, as I do, California, every day, is still a miracle to me. And I want to spend my life and my effort increasing that for the Californians that are in need today and getting everybody to the next step.

So thank you so much to staff for the work that you're doing on that, and I would really like to engage with you on it. Thank you.
CHAIRPERSON COHEN: Thank you very much.

Member Gonzales.

MEMBER GONZALEZ: Thank you, Madam Chair, and the Board and FTB. I am so honored to be here today. It's always a privilege to come back to a place that I call my home. So thank you so much for having me.

CHAIRPERSON COHEN: Of course. Thank you very much.

Thank you very much, ladies, for joining us. This is our inaugural meeting for 2024. I think we're off to a great start.

Selvi and team, you guys are excellent. Great leadership.

I want to just talk a little bit about March. It's coming to a close. And many of you know March as Women's History Month. And during this time of the year, we like to honor extraordinary roles that women have played in shaping our history, from -- you know, I think about Harriet Tubman and the midnight journeys on the Underground Railroad to breaking barriers on the athletic field to, frankly, the women that are breaking the glass ceiling in boardrooms today.

Women have always shown us that we can achieve what we -- we can achieve when we refuse to settle for the world as it is and choose to remake the world as it
And these are really profound remarks that I'm grateful that my Deputy Controller, Hasib, wrote. I cannot take credit for them. He just knows me well in terms of the sentiment.

But I think collectively, we all know that when women succeed, I think California succeeds. And the strength of our economy rests on whether we make it possible for every citizen to contribute to our growth, to continue to contribute to our prosperity.

And I am a mother of a young three-year-old, and when I tuck her in at night, I want to make sure that she's got the same opportunities as her friends in her classroom, the little boys, that are growing, not just growing up here in the state of California but across the entire world.

So I instill in her the notion that no obstacle is too great and no glass ceiling can block her rise, and I hope that you will share that with the young people in your life that you surround yourself with, that this is the dream that our ancestors had. Our mothers and our grandmothers have fought throughout our collective shared history, and it's a dream that I continue to fight to make real as your State Controller.

So lastly, I just want to acknowledge that we
have a three-day weekend coming up. If you didn't know, Monday, April 1st, is a holiday. It's observed as Cesar Chavez Day in the state of California.

Many of you already know Cesar Chavez is an iconic man in the labor and civil rights movement. So Monday is a day that we honor his legacy of prosperity, freedom, and equity for all. And unless you're a member of the legislature, then you have a committee meeting that day.

But I want to wish everyone an amazing holiday and also acknowledge that April 15th is our tax day. That is going to be game day for all of us. It will be all hands on deck. This place is going to be buzzing, and I'm so excited about that buzz. So I want to just encourage the team to get out there and finish strong.

Thank you. We are adjourned.

(Board Members speaking sotto voce.)


Before we adjourn, I would like to pivot and open up to public comment.

The floor is yours.


I echo the very positive comments about the
Franchise Tax Board and all of the professional team. I mean, it's very heartfelt. I've been practicing 35-plus years, worked with the FTB on many matters, and I would say the organization is excellent and very professional, and I definitely echo that.

I have some comments that might be in the category of constructive input.

CHAIRPERSON COHEN: We'll take it.

MR. BAER: And I know I'm the guy showing up --

CHAIRPERSON COHEN: You have three minutes.

MR. BAER: -- at the end of a very positive meeting with some other comments.

And if it's possible to have a couple extra minutes, I would appreciate it.

CHAIRPERSON COHEN: Oh, no. That's not a possibility.

MR. BAER: All right. I want to express the concerns of CalTax regarding the efforts of the FTB to pursue changes to existing apportionment regulations, done without the approval of the three-member Franchise Tax Board and done outside of the transparent regulatory process that's mandated by the Board.

Our concern is with the work and advocacy of senior FTB staff at the Multistate Tax Commission to drive revisions to the MTC's model sourcing rules as
they relate to the sourcing of interstate trucking services. Presumably, this is the first step to change the regulations in California.

Currently, we -- California sources these types of services under Regulation Section 25136-2, 25137-11, using a so-called mileage ratio method that focuses on how much of the activity happens in California. This rule has been in place for more than 30 years.

We have become aware, through comments from a number of members and others, that senior members of the team have been pushing MTC staff to draft a different apportionment rule as the MTC model.

And I have more comments about the MTC's rule and the specifics about the actions of the team, but I'll provide those in written comments later, in the interest of time.

I think the key part is the FTB team has been the one really driving the process, as opposed to going along with it. And our concern is that you have long-standing regulations that have been adopted. You have a series of processes for changing our regulations, you know, starting with the three-member Board, in your role in approving those projects and delegating the time of the personnel to those projects. And we don't believe that's been initiated in this case.
And I think it's really a matter of degree, at
the end of the day. I think it's --

MS. RUBALCAVA: Controller Cohen, time has
expired.

CHAIRPERSON COHEN: Oh, thank you.

MR. BAER: That was fast.

CHAIRPERSON COHEN: Thank you.

Can I have another 30 seconds?

CHAIRPERSON COHEN: You can have ten. Hurry up.

MR. BAER: All right. Well, we'll provide
additional comments. I do think this is the role of the
Board, to authorize what appears to be the initiation of
a regulation project being done, you know, outside of
the transparent process, you know, without your
approval.

So I appreciate the extra time, and thank you for
the ability to give constructive input.

CHAIRPERSON COHEN: Of course. Thank you. We
welcome constructive criticism. Always looking to
better our best. Thank you.

Are there any other members of the public that
would like to speak on any topic?

(No response.)

CHAIRPERSON COHEN: All right. Let's go to the
teleconference line and see if there's anyone online
that would like to comment.

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

We do have someone that has queued up. We will be going to Sam Wilkinson.

Please go ahead.

MS. WILKINSON: Hi there. Is it all right to give comment on Item 6? I wasn't able to earlier.

CHAIRPERSON COHEN: I'm sorry. I couldn't hear you. Say your question again.

MS. WILKINSON: Hello. I was wondering if it would be all right to give public comment on Item 6 still.

CHAIRPERSON COHEN: We've already closed that item. I'm sorry. We can't take public comment on Item 6.

MS. WILKINSON: All right. Thank you so much.

CHAIRPERSON COHEN: You could submit your comments in writing. That way, it will be on the record.

MS. WILKINSON: Absolutely. I'll definitely do that.

And I just want to thank FTB and all of your work
this year and in years past. I really appreciate you all.

CHAIRPERSON COHEN: All right. Thank you very much.

Okay. With that --

MS. WILKINSON: Thank you.

CHAIRPERSON COHEN: -- Mr. Operator, are there any other speakers?

PHONE OPERATOR: There's no one else in the queue at this time.

CHAIRPERSON COHEN: All right. Thank you very much.

Thank you, everyone. We are adjourned.

(Proceedings concluded at 2:48 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 April, 2024.

EMILY SAMELSON, CSR
Certified Shorthand Reporter
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