

1 STATE OF CALIFORNIA

2 FRANCHISE TAX BOARD

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5 FRANCHISE TAX BOARD MEETING

6  
7 MONDAY, APRIL 6, 2026

8 1:00 p.m.

9  
10 MAY LEE STATE OFFICE COMPLEX

11 651 BANNON STREET

12 SACRAMENTO, CA 95827

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22 Reported by: BRANDON IORLANO, CER-4221  
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1 APPEARANCES

2 BOARD MEMBERS:

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

5 SALLY J. LIEBER  
6 Chairperson  
Board of Equalization

7 HASIB EMRAN  
8 Deputy State Controller, Taxation

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10 STAFF

11 Michele Perrault  
12 Chief Deputy Director, Policy, Department of Finances

13 Selvi Stanislaus  
14 Executive Officer

15 Shane Hofeling  
16 Chief Counsel

17 Erin Dendorfer  
18 Deputy Chief Counsel

19 Cristina Rubalcava  
20 Board Liaison

21 Michael Banuelos  
22 Finance and Executive Services Division

23 Kelly Heckman  
24 Robert Mayorga  
25 Administrative Services Division

Jose Orozco  
EDR2 Technical Director

Jennifer Roussel  
EDR2 Business Director

Michele Scoggins  
EDR2 Solution Partner

1 APPEARANCES (continued)

2 Jenna Lewis  
3 Legal Division

4 John McMahan  
5 Finance and Executive Services

6 Gretchen Moe  
7 Madhvi Shah  
8 Audit Division

9 Susan Maples  
10 Director of the Economic and Statistical Research  
11 Bureau

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13  
14 ALSO PRESENT

15 Christine Grab (via telephone)

16  
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Monday, April 6, 2026

1:11 p.m.

-oOo-

MR. EMRAN: Welcome to the April Franchise Tax Board meeting. This is the scheduled time for the meeting of the Franchise Tax Board. Will the Board liaison please call the roll to determine if a quorum is present?

MS. RUBALCAVA: Member Lieber?

MS. LIEBER: Here.

MS. RUBALCAVA: Member Perrault?

MS. PERRAULT: Here.

MS. RUBALCAVA: Chair Controller Malia Cohen?

MS. COHEN: Good afternoon, present.

MS. RUBALCAVA: Thank you.

MR. EMRAN: So thank you, and at least two members or their designated representatives are personally present. There is a quorum, and the Franchise Tax Board is now in session. If you all may please join for the pledge of allegiance and stand, if you can, and begin right hand over your heart.

(Whereupon, the Pledge of

1 Allegiance was recited by all  
2 present.)

3 MR. EMRAN: So good afternoon everyone.

4 For the record, my name is Hasib Emran. I'm the  
5 California Deputy State Controller for Taxation for  
6 our State Controller, Malia Cohen, who will be  
7 joining us virtually here. Welcome to the Franchise  
8 Tax Board's April board meeting. The public has a  
9 right to comment on each agenda item. If there are  
10 members of the public wishing to speak on an item,  
11 please come forward when that item is called, and you  
12 will have three minutes to address the board. Please  
13 be aware that all public comments must be related to  
14 an agenda item that they are speaking on for today's  
15 meeting. Members of the public who wish to comment  
16 via teleconference, please call 844-767-5651 and  
17 enter the access code of 3220665.

18 Please be aware that there is a short  
19 delay between the web livestream and the live event.  
20 If there are members of the public wishing to speak  
21 on an item and you are using a translator or  
22 translator service, you will have six minutes to  
23 address the Board. All speakers will be asked to  
24 identify yourself for the record.

25 So now we're going to move on to Agenda

1 Item Number 1. Madame Secretary, may you please call  
2 the first agenda item.

3 MS. RUBALCAVA: The first agenda item is  
4 the approval of minutes. We have the minutes from  
5 the December 8, 2025, Franchise Tax Board meeting.

6 MR. EMRAN: Thank you, Madame Secretary.  
7 Members, do you have any comments or  
8 questions on Agenda Item Number 1.

9 Yes, Member Lieber?

10 MS. LIEBER: Mr. Chair, I'll abstain from  
11 voting on the minutes. I did watch on video, but I  
12 was not physically present at that meeting.

13 MR. EMRAN: Thank you, Madame Chair. I  
14 want to welcome you back to the Franchise Tax Board.

15 Okay. So let's go to the public comment  
16 line. Are there members of the public wishing to  
17 speak on this item in person or on the teleconference  
18 line? As a reminder, all public comment must be  
19 related to the agenda item they are speaking on. So  
20 let's go first in person.

21 Madame Secretary, are there any members  
22 of the public that would like to comment on Agenda  
23 Item Number 1 in person? Please come forward.  
24 Seeing none. I'm going to close public comment for  
25 in person, and can we go to the operator. AT&T

1 operator, any members of the public wishing to speak  
2 on Agenda Item Number 1 online?

3 THE OPERATOR: Thank you. Members of the  
4 public on the phone lines, if you would like to place  
5 yourself in queue for public comment, please press 1,  
6 then 0 at this time. No members of the public are  
7 cueing up at this time. Please continue.

8 MR. EMRAN: Thank you. I'm going to go  
9 ahead and ask for a motion. Do I have a motion to  
10 approve the minutes from the December Franchise Tax  
11 Board meeting in 2025?

12 MS. PERRAULT: So moved.

13 MR. EMRAN: So moved by Member Perrault  
14 from the Department Of Finance. I'll go ahead and  
15 second that motion.

16 Board Liaison, may you please call roll?

17 MS. RUBALCAVA: Member Lieber?

18 MS. LIEBER: Abstained.

19 MS. RUBALCAVA: Member Perrault?

20 MS. PERRAULT: Aye.

21 MS. RUBALCAVA: Chair Controller Malia  
22 Cohen.

23 MS. COHEN: Aye.

24 MR. EMRAN: Thank you. So that motion  
25 passes.

1           Madame Secretary, may you please call the  
2 next agenda item, Agenda Item Number 2?

3           MS. RUBALCAVA: Agenda Item Number 2 is  
4 the Administrative Matters. Michael Banuelos will  
5 present contracts over \$2 million dollars for Board  
6 approval.

7           MR. EMRAN: Thank you, and welcome  
8 Mr. Banuelos. When you are ready, please proceed.

9           MR. BANUELOS: Good afternoon Chair  
10 Controller and Board members. It's nice to see all  
11 of you today. My name is Michael Banuelos, and I'm  
12 the director of the Franchise Tax Board's procurement  
13 bureau. I'm here today to present three proposed  
14 procurements that will result in contracts over  
15 \$2,000,000 for the Board's approval.

16           The first procurement I am presenting for  
17 your approval is the renewal of software maintenance  
18 for Genesis software products. Genesis software is a  
19 major component of our contact center platform and  
20 supports FTB's phone communications and our live chat  
21 functionalities. These tools enable the department  
22 to effectively conduct business with millions of tax  
23 payers by providing various self-service capabilities  
24 that assist taxpayers in meeting their tax filing and  
25 payment obligations. Genesis products were brought

1 into FTB in 2006 and have continued to bill -- and we  
2 have continued to build upon that platform  
3 successfully. Without this contract, FTB risks  
4 having our contact centers down. FTB's interactive  
5 voice response system receives upwards of 7,000,000  
6 calls a year. And without these tools, we may only  
7 be able to answer a small portion of this call  
8 volume. This would result in reduced customer  
9 service and possible revenue loss to the state.

10 As you may recall, in December of 2025,  
11 we gave a presentation on our contact center  
12 modernization project. When we implement the new  
13 contact center, the tools under this contract will  
14 not be necessary, however that will not be until  
15 2028. So for the time being, we need to maintain the  
16 products we currently use. We anticipate a one-year  
17 agreement, estimated at approximately \$2.4 million.

18 For the second procurement, I am seeking  
19 approval to proceed with an IBML hardware and  
20 iCapture software maintenance renewal. IBML scanners  
21 and iCapture software support FTB by scanning the  
22 departments incoming paper tax returns, paper checks,  
23 and taxpayer correspondence, as well as the keying  
24 and cashiering of this data for deposit to the  
25 treasurer's depository institutions, and consumption

1 by our downstream accounting and reconciliation  
2 systems. Many areas of the department rely heavily  
3 on the data collected by the scanners. These  
4 scanners were implemented in the initial Enterprise  
5 Data to Revenue project in 2012, and have been built  
6 upon in our Enterprise Data to Revenue 2 project. If  
7 this maintenance agreement is not renewed, FTB will  
8 be unable to ensure uninterrupted support for the  
9 critical scanners that scan paper tax returns and tax  
10 payer correspondence, nor for the associated software  
11 products that collect the requisite tax data.

12 Additionally, without this renewal, FTB will not have  
13 support for our Deposit 21 application, which  
14 jeopardizes billions in paper payments annually. The  
15 estimated cost to renew for a one-year agreement is  
16 \$2.1 million.

17           The last procurement I am presenting for  
18 your approval is for an external digital identity  
19 solution. The primary goal of this solution is to  
20 verify that a person is who they claim to be by  
21 validating their identity. FTB is always seeking  
22 ways to protect tax payers and their data. In this  
23 case, we will be conducting a procurement for an  
24 identity proofing solution. A key objective will be  
25 to prevent fraudulent access to FTB applications,

1 systems, and data, ensuring continued and  
2 strengthened ability to identify and block improper  
3 access. To protect tax payers, FTB will be able to  
4 validate them in real-time via online or phone  
5 authentication, ensuring digital identities are  
6 linked to actual people. We have used our existing  
7 ID proofing solutions since 2021, and it has served  
8 us well. However, as technology evolves, so does the  
9 risk of fraud. FTB is seeking to implement a  
10 long-term solution for enhanced external digital  
11 identity proofing that meets security requirements.  
12 The new identity proofing provides a real-time secure  
13 method for registering for an FTB digital identity.  
14 It ensures full compliance with cybersecurity digital  
15 identity standards by providing a real-time secure  
16 method for registering for an FTB digital identity.  
17 We're estimating a three-year agreement for  
18 approximately \$3.4 million, and we intend to use the  
19 Department of General Services software licensing  
20 agreement.

21 I'm requesting approval to proceed with  
22 the proposed procurements and would be happy to  
23 answer any questions you may have.

24 MR. EMRAN: Thank you, Mike. Appreciate  
25 the great presentation, and very concise as well. So

1 I'm going to turn to our members.

2 Do we have any comments or questions on  
3 Agenda Item Number 2?

4 MS. PERRAULT: I have just a general  
5 question, not necessarily related to the contract,  
6 but I'm always curious when I see we're processing  
7 lots of paper checks. Is that -- are we still  
8 processing quite a large amount or are most people  
9 going -- you know, I would assume we're kind of  
10 moving towards digital, you know, web-based. But I  
11 was just kind of curious if that continues to be a  
12 good amount of our workload?

13 MR. BANUELOS: I have a number in terms  
14 of how much paper we processed. I don't have a  
15 number in terms of paper checks. So, yeah, we were  
16 looking at it, and I brought some metrics. It's  
17 mostly in terms of -- you know, about last year, I  
18 think about 95% of tax payers filed electronically.

19 MS. PERRAULT: Right.

20 MR. BANUELOS: And sometimes people  
21 asked, well, why do we still scan, and have so many  
22 scanners, and spend so much money on scanners and  
23 paper, et cetera. Even though a small percentage is  
24 still filing in paper, it still equates to about -- I  
25 think last year we scanned about over 53

1 million pages in taxpayer documents.

2 MS. PERRAULT: Wow.

3 MR. BANUELOS: So it's not just tax  
4 returns, its audit documentation, it's checks, it's  
5 other things that support all kinds of things we do  
6 with the Franchise Tax Board. So I don't have a  
7 specific number on checks, but it's still in the tens  
8 of millions of paper documents that we scan.

9 MS. PERRAULT: But it is going down? We  
10 still see that number --

11 MR. BANUELOS: Oh, it is going down. It  
12 went down. It went down. I think at the -- last  
13 year, what we scanned, probably went down about 4 or  
14 5%.

15 MS. PERRAULT: Okay. I just -- just a  
16 curiosity thing as, you know, we continue to think  
17 about again.

18 MR. BANUELOS: We do. It's incrementally  
19 going down, I believe.

20 MS. PERRAULT: Okay. Thank you.

21 MR. EMRAN: Are there any members that  
22 have any other comment or questions? Seeing none,  
23 I'm going to move now to public comment.

24 Are there any members of the public that  
25 would like to comment on Agenda Item Number 2,

1 Contracts Over \$2 Million. Seeing none in person,  
2 AT&T operator, are there any members of the public  
3 online that would like to comment on this item?

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

8 No members of the public are queueing up  
9 at this time. Please continue.

10 MR. EMRAN: Thank you operator. I'm  
11 going to ask now for a motion. Is there a motion to  
12 approve the contracts over \$2 million? Before I do,  
13 I just want to confirm this is going to be all in one  
14 motion, the three contracts; understood? Thank you.  
15 So do I have a motion from the members?

16 MS. LIEBER: So moved.

17 MR. EMRAN: So moved by Member Lieber.

18 Do I have a second?

19 MS. PERRAULT: Seconded.

20 MR. EMRAN: Seconded by Member Perrault.

21 Madame Secretary, may you please move to  
22 the roll?

23 MS. RUBALCAVA: Member Lieber?

24 MS. LIEBER: Okay.

25 MS. RUBALCAVA: Member Perrault?

1 MS. PERRAULT: Aye.

2 MS. RUBALCAVA: Chair Controller Malia  
3 Cohen?

4 MS. COHEN: Aye.

5 MR. EMRAN: Thank you. So that passes  
6 unanimously.

7 Madame Secretary, please call the next  
8 agenda item?

9 MS. RUBALCAVA: Next, we have Agenda  
10 Item 3, a video presentation of FTB's 2025  
11 accomplishments presented by Kelly Heckman and Robert  
12 Mayorga. This is an informational item.

13 MS. HECKMAN: Good afternoon Chair  
14 Controller and Board Members. I'm Kelly Heckman, the  
15 Director of the Internal Audit Bureau, and with me  
16 today is Robert Mayorga, the Director of the Privacy  
17 Security and Disclosure Bureau. We both work in the  
18 Administrative Services Division at FTB.

19 We are excited to be here to present  
20 FTB's 2025 Accomplishments Video, which focuses on  
21 serving California. We are proud of this year's  
22 accomplishments because they represent the  
23 dedication, integrity, and commitment our staff bring  
24 to public service every day. While our primary  
25 mission is to collect tax revenue, we are committed

1 to supporting and strengthening our community through  
2 service, outreach, and meaningful contributions to  
3 taxpayers and the communities that depend on us.

4 Now, I'll turn it over to Robert, who  
5 will highlight some of the key accomplishments from  
6 2025.

7 MR. MAYORGA: Thank you, Kelly. And good  
8 afternoon Chair Controller and Board Members. Here  
9 are a few of them notable achievements from 2025.

10 A core value at FTB is contributing to a  
11 caring community, and we are honored to share various  
12 community outreach efforts throughout the state.  
13 Together, we organized impactful community  
14 initiatives, including food drives and volunteer  
15 events, collecting turkeys, and raising funds for  
16 local food banks, reinforcing FTB's commitment to  
17 help Californians beyond tax services.

18 In addition, we assisted taxpayers at  
19 disaster recoveries centers during the Southern  
20 California fires, providing on-site guidance and  
21 assistance to 6,130 disaster survivors at 13 recovery  
22 centers. The assistance includes expanded  
23 self-service tools intended to make disaster related  
24 tax help accessible online. Through the Volunteer  
25 Income Tax Assistance program, dedicated volunteers

1 prepared free tax returns, ensuring low-income and  
2 underserved Californians received the help they  
3 needed. These efforts not only provided critical tax  
4 support, but also strengthened trust and  
5 accessibility, helping families maximize refunds and  
6 claim credits, such as the earned income tax credit.

7 Technology can present challenges, but  
8 FTB's strong commitment to innovation and efficiency  
9 ensures those challenges become opportunities to  
10 deliver exceptional service. This particularly rings  
11 true as our technology team managed resources to  
12 efficiently work on the EDR2 project while still  
13 completing ongoing operational tasks. Our technology  
14 teams recertified FTB's public website for  
15 accessibility, implemented the Digital Workflow  
16 Management project, replacing outdated IT systems  
17 with the modern cloud-based solution to streamline  
18 operations, and delivered technology enhancements and  
19 critical infrastructure upgrades to protect taxpayer  
20 data and improve efficiency.

21 We continually strive to strengthen our  
22 workforce through targeted recruitment efforts. This  
23 year we enhance candidate experience and engagement  
24 by hosting two career affairs, providing direct  
25 assistance with applicant accounts and delivering

1 informational presentations to help candidates better  
2 understand the hiring process. We are proud of this  
3 year's accomplishments. Now please enjoy the video.

4 (Video played.)

5 MR. MAYORGA: Very well done. And I'd  
6 like to take a moment to thank our multimedia team  
7 for their exceptional work in producing this video.  
8 They've done an extraordinary job in capturing the  
9 hard work FTB does to serve Californians. Thank you  
10 for watching. We're happy to answer any questions  
11 you may have.

12 MR. EMRAN: Thank you, Kelly and Robert.  
13 Awesome, awesome video. I'm going to turn to our  
14 Chair Controller, Malia Cohen.

15 MS. COHEN: Thank you very much. Good  
16 afternoon, ladies and gentlemen. As you can see, I'm  
17 working from home today. My little one is sick with  
18 some kind of a stomach bug. But I want to just give  
19 my heartfelt congratulations, that was an exceptional  
20 presentation. There's -- I think there's got to be  
21 some way that we make the Accomplishment Video more  
22 public and more elevated, doing a better job of  
23 singing our successes. Again, to the producers, to  
24 the editors, you've done a fantastic job.  
25 Ms. Stanislaus, the staff, has done incredible work.

1 I'm going to pause in my comments here,  
2 and I want to check in with my colleagues to see if  
3 they have any initial thoughts about the  
4 Accomplishment Video.

5 MS. PERRAULT: I'll just --

6 MS. COHEN: Speak up.

7 MS. PERRAULT: I'll just piggyback on the  
8 Controller's comments. You know, thank you to the  
9 staff. I know that this is extra work that has to be  
10 done on top of everything they're doing, and I  
11 appreciate the staff taking the time. I think it's  
12 it's very helpful for us as a Board. You know, we  
13 know there's always things happening day in and day  
14 out at all of the agencies and all of the entities  
15 that serve California. And so it's it's really nice  
16 to be able to take a pause and have an understanding  
17 of sort of just the breadth of everything that does  
18 occur, and gives us a little bit of a lens into it.  
19 So appreciate you guys again taking the time to do  
20 it. It helps us also, as was mentioned in the video,  
21 you know, you just updated your strategic plan. And  
22 having this video is another kind of element that  
23 helps us to see how the progress is being made within  
24 the goals and the objectives that are laid out in the  
25 strategic plan. So I appreciate the time taken to

1 put it together and present it to us. Thank you.

2 MS. COHEN: Chair Lieber, any thoughts on  
3 your part?

4 MS. LIEBER: Thank you so much. I just  
5 wanted to say how much I appreciate the disaster  
6 assistance for Californians that was profiled in the  
7 video. That is so critically important in particular  
8 to communities where an entire community is lost, and  
9 people have lost their personal financial records,  
10 and are really in a frame of mind where it means so  
11 much to have FTB staff be great partners with all the  
12 other agencies that are going out to help people at  
13 those critical team at times of their life. That  
14 really means a great deal.

15 MS. COHEN: All right. Thank you very  
16 much. I just got a message saying my sound is  
17 muffled, so I am going to turn the meeting back over  
18 to Deputy Controller Hasib Emran while I continue to  
19 work out these technical difficulties. Thank you.

20 MR. EMRAN: Thank you. Awesome,  
21 Controller Cohen. Appreciate all the members'  
22 comments here. A very exceptional year. I'm really  
23 looking forward to 2025. I know we're 2026 now. I  
24 know we're end quarter too, so tax season is right  
25 around the corner. It's time for us to shine bright.

1 So with this, I'm going to go ahead and take public  
2 comment.

3 Are there any members of the public that  
4 would like to comment on this agenda item, please  
5 step forward. And for the record, if you would like  
6 to put your name in and identify yourself.

7 Yes?

8 MS. BAUTISTA: Good afternoon FTB Board,  
9 State Controller's Office. My name is Danielle  
10 Bautista with United Ways of California. And I first  
11 wanted to extend our appreciation for over a decade  
12 of partnership with FTB since the CalEITC's inception  
13 in 2015. Together we've helped expand targeted state  
14 tax credit eligibility and established additional tax  
15 credits, like the Young Child tax credit and the  
16 Foster Youth tax credit. We look forward to the  
17 years of collaboration to come.

18 We've continued to see federal funding  
19 being frozen or cut entirely and our most vulnerable  
20 communities be targeted. Yet, thanks to ongoing  
21 dedicated California investments, our on the ground  
22 free tax prep, outreach, and education partners have  
23 been able to keep households informed and make a  
24 tangible difference in our communities as they helped  
25 them claim vital tax credits through VITA. The EITC

1 and CalEITC, as we know, are one of the most  
2 effective tools that we have to fight poverty. And  
3 at a time when millions of Californians are soon to  
4 be a risk of losing access to their MediCal and  
5 CalFresh, accessing tax credits through VITA may be  
6 needed now more than ever. A sure way to increase  
7 access to these tax credits is restoring funding to  
8 free tax prep and outreach and education programs, so  
9 we can continue to support Californians who need help  
10 the most.

11           Lastly, I'll add that in the past tax  
12 season, over 19 United Way partners throughout  
13 California helped communities claim 77 million in the  
14 EITC and CTC alone, and helped Californians save 37  
15 million on paid tax preparer fees. In partnership  
16 with FTB's outreach, that's millions of dollars going  
17 back into the pockets of Californians who invigorate  
18 local economies.

19           We look forward to our continued  
20 partnership with you all to support California's  
21 access to free tax prep and education and outreach  
22 programs. Thank you so much.

23           MR. EMRAN: Thank you, Ms. Bautista.

24           Are there any other members of the public  
25 that would like to comment in person here today?

1 Please step forward. Seeing none I'm going to close  
2 public comment in person and let's go to the  
3 operator.

4 AT&T operator, any members of the public  
5 that would like to comment on this agenda item  
6 online?

7 THE OPERATOR: Thank you. Members of the  
8 public on the phone lines, if you would like to place  
9 yourself in queue for public comment, as a reminder,  
10 please press 1, then 0 at this time. And we will go  
11 to the line of Christina Grab as an independent  
12 organization. Please go ahead.

13 MS. GRAB: In September 2025, I made a  
14 public comment that one of the NGO's that was being  
15 indirectly funded by FTB through the EITC education  
16 and outreach program had multiple allegations of the  
17 staff sexually assaulting the clients. Over the next  
18 four months I sent FTB and Danielle Bautista of  
19 United Way, along with everyone else in her office at  
20 United Way proof -- or three more news articles with  
21 more allegations of sexual assault. In March of  
22 2026, FTB indirectly paid the same organization to  
23 host a Tacos and Taxes event in San Diego. FTB  
24 encouraged vulnerable people to give their private  
25 information to alleged sexual predators, including

1 all of the information needed to kidnap a child out  
2 of his school via an affidavit under the new  
3 guideline set forth by last year's AB 495. In  
4 previous public comments, I stated that I believe  
5 that FTB is specifically targeting people of low  
6 economic status for the racketeering schemes that  
7 were exposed in "Grab vs. FTB." But knowing that FTB  
8 is paying alleged sexual predators to collect private  
9 data on vulnerable people has me convinced that FTB's  
10 intentions are even more nefarious. I believe that  
11 the board of directors and executive staff should  
12 immediately resign for endangering these vulnerable  
13 people, and the replacement staff should set forth  
14 guidelines to ensure proper protections are in place.  
15 And that includes cutting out United Way and cutting  
16 out Dreams for Change, because both of them knew --  
17 I'm sorry. Cutting out Golden State Opportunity  
18 fund, because both organizations knew Dreams for  
19 Change was a sexual predator and yet continue to send  
20 vulnerable people to them. Thank you.

21 MR. EMRAN: Thank you. Next speaker,  
22 please.

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

25 MR. EMRAN: Thank you, Mr. Operator.

1 I'm going to close this agenda item.

2 Madame Secretary, may you please call the  
3 next item?

4 MS. RUBALCAVA: Agenda Item 4 is an EDR2  
5 update, and it's presented by Jose Orozco, Jennifer  
6 Roussel, and Michele Scoggins. And this is also an  
7 informational item.

8 MR. EMRAN: Wonderful, thank you so much.

9 And team, when you are ready, you could  
10 take it away.

11 MR. OROZCO: Thank you. Good afternoon,  
12 Madame Controller and members of the board. My name  
13 is Jose Orozco and I am the EDR2 technical director.  
14 With me today are Jennifer Roussel, the EDR2 business  
15 director, and Michele Scoggins, a representative from  
16 our EDR2 solution partner team.

17 Today we will provide you with our final  
18 EDR2 update. The last update we provided to you was  
19 in March 2025. Similar to that update, I will  
20 briefly touch upon the project's background, and we  
21 will provide you with our final update.

22 In 2007, FTB introduced the Tax Systems  
23 Modernization plan. It was a 30-year strategic  
24 vision comprising of three major initiatives. Each  
25 initiative spans approximately ten years, from

1 planning through implementation, with each phase  
2 building upon the foundation established by the  
3 previous phase.

4 Phase one, the initial EDR project,  
5 established our foundational enterprise platform and  
6 modernized both tax return processing and  
7 correspondence work flows. Phase two, the EDR-2  
8 project moved our compliance workloads, which  
9 includes audit, legal, collections, and filing  
10 enforcement, onto the shared enterprise platform  
11 created with EDR1. The final phase, EDR3, will  
12 replace our legacy accounting systems.

13 Today's update will focus on the  
14 successful EDR2 implementation. Next, Jennifer will  
15 discuss the implementation timeline and key benefits.

16 MS. ROUSSEL: Thank you, Jose. And good  
17 afternoon. As Jose noted, the EDR2 project spanned  
18 approximately ten years with the implementation  
19 timeline concentrated in the final four and a half  
20 years. Implementation releases were carried out  
21 through a phased approach that allowed us to take  
22 small, measured steps and scale up, reducing the risk  
23 on FTB's operations, but most importantly on  
24 taxpayers. We called this our Crawl, Walk, Run  
25 approach. We also refer to that as CWR.

1           We began our implementation efforts in  
2 2021 with our early initiatives these early  
3 initiatives laid the groundwork, introducing new  
4 technologies and improving taxpayer compliance.  
5 After our early initiatives in 2023, we introduced  
6 the personal income tax, also called PIT, audit and  
7 protest workloads to the new enterprise platform. In  
8 early 2024, we incorporated the PIT collections  
9 workloads, and later that year the remaining audit  
10 and protest workloads were passed through entity and  
11 business entity cases. By early 2025, we introduced  
12 the BE collections and legal workloads. And later  
13 that year we implemented the PIT and business entity  
14 filing enforcement programs and workloads onto the  
15 system. With each of the implementations, they  
16 brought new self-services, expanded our modeling  
17 capabilities, and added data visualizations, and the  
18 ability to leverage additional data sources. Lastly,  
19 this January, the project successfully completed its  
20 final implementation release, and we entered the  
21 warranty period, which extends through 2026. During  
22 the warranty period, we will continue to focus on  
23 maturing the functionality and completing project  
24 closeout activities.

25           It has been an incredible journey and my

1 brief recap of what we implemented in four and a half  
2 years does not quite do it justice, but we do have a  
3 treat today. As we concluded the project at FTB or  
4 closing communications featured a video for staff to  
5 reflect on the journey, not only celebrating the  
6 benefits of EDR2, but also recognizing the  
7 extraordinary efforts and contributions it took to  
8 implement a change of this scale and complexity. So  
9 please enjoy our video, closing the chapter on the  
10 EDR2 project. And after this video, I will provide  
11 some key benefits.

12 (Video played.)

13 MS. ROUSSEL: So the key benefits  
14 delivered by the EDR2 project, which are covered on  
15 the -- our Accomplishments Video, as well as on our  
16 video, the ability to leverage new technology and  
17 retire aging technology, protecting critical revenue  
18 for California services, reduction of siloed work  
19 with one enterprise platform and centralized data  
20 warehouses, additional data sources and enhanced  
21 tools to use those, improved case selection through  
22 advanced modeling capability, new and enhanced  
23 external services to provide a better customer  
24 experience to Californians. And these benefits over  
25 time will make us more efficient, promote self

1 compliance, and strengthen FTB's ability to continue  
2 to effectively collect revenue for the state of  
3 California. FTB was not alone in this journey, and  
4 we didn't get to the finish line without challenges.  
5 By partnering with Voyatek, which was previously  
6 known as Encore Consulting LLC, and their partners,  
7 we completed the EDR2 project on time within the  
8 approved budget and within scope. We are thankful  
9 and happy to report that throughout the project our  
10 solution partners remained fully engaged and closely  
11 partnered with FTB to mitigate risk, overcome  
12 challenges, and resolve project issues without  
13 impacting our planned project completion date or  
14 scope. In addition, they're supporting us and  
15 documenting lessons learned, ensuring that future  
16 initiatives can benefit from the insights gained  
17 during this project. And with that partnership in  
18 mind, we'd like to invite Michele Scoggins from our  
19 solution partner team to say a few words.

20 Michele?

21 MS. SCOGGINS: Thank you, Jennifer. On  
22 behalf of the EDR2 solution partners leadership team,  
23 I want to express our sincere gratitude to Selvi and  
24 FTB's leadership team. Their unwavering support was  
25 instrumental to the project's success, which is no

1 small feat given the complexity and scale of the  
2 project. I want to say thank you for FTB's absolute  
3 professionalism in the face of significant change,  
4 critical decision making, and complex challenges,  
5 their collaboration and partnership in providing  
6 staff who are committed to the project's success to  
7 work with us on the EDR2 project. Their guidance and  
8 leadership to help us stay focused on the highest  
9 priorities to achieve the EDR2 goals and objectives  
10 we reflected on today. And beyond all that,  
11 personally, I want to thank FTB for making the  
12 journey fun along the way. It's rare to find a team  
13 that can balance such excellence with a sense of  
14 humor and friendship, and they did just that. We're  
15 proud of what we accomplished together, and we look  
16 forward to continuing the strong partnership. Thank  
17 you again for everything, and I'll pass it back to  
18 Jennifer.

19 MS. ROUSSEL: Thank you so much, Michele.  
20 We appreciated the collaborative partnership and the  
21 team's ability to bring FTB's vision to life, and we  
22 look forward to continuing the strong partnership  
23 during the warranty period.

24 We cannot complete the project without  
25 expressing our appreciation for the California

1 Department of Technology's continued support  
2 throughout the project lifecycle. Thank you very  
3 much, CDT.

4 And we are also exceptionally proud to  
5 report that throughout the project CDT's independent  
6 project oversight consultants consistently reported  
7 the project's overall health as favorable.

8 And finally, we extend our Sincere grant  
9 to the Board for your continued support through the  
10 EDR2 project. Your support has played an absolute  
11 critical role in achieving this significant  
12 milestone. So thank you.

13 That does conclude our EDR2 update.  
14 Thank you so much for your time today. We would be  
15 happy to answer any questions, both Jose and I.

16 MR. EMRAN: Thank you. Thank you so  
17 much. The last ever EDR2 report. So appreciate  
18 that. 20 years ago you all took on this journey. So  
19 much love and respect for taking on such an important  
20 project, one of the biggest in California state  
21 history. So I'm going to go ahead and open up for  
22 board member comments and questions.

23 Our chair, Chair Cohen, do you have any  
24 comments or questions for the team?

25 MS. COHEN: I do. How's my sound? Is it

1 a little bit better.

2 MR. EMRAN: Yes.

3 MS. COHEN: Okay, good. I'm glad to hear  
4 that. I too want to offer my congratulations to the  
5 team. This has been a phenomenal undertaking. And I  
6 understand we have a phase three that we're looking  
7 at, and we'll be looking to implement. I wanted to  
8 just to start off with just lessons learned, high  
9 level, implementing a incredibly complex and  
10 multilayered technology initiative. What -- on a  
11 high level, what are some of the lessons that the  
12 teams learned?

13 MS. ROUSSEL: We learned a lot. So I  
14 think at the highest level, we really -- we were  
15 successful, I think, because of the communication  
16 that we had amongst ourselves as an organization, and  
17 the decision making of our executive stakeholder  
18 team, and our sponsors, and that partnership that we  
19 had with the -- with our solution partners. We very  
20 much came to the table together as a partnership and  
21 made sure that we kept our objectives in mind and how  
22 we could get to the finish line together,  
23 successfully. So I think that's one of the biggest  
24 takeaways.

25 There are some other things that we could

1 improve on and that we could make sure that we focus  
2 in on. From a data conversion perspective, we  
3 believe that there was some additional effort that we  
4 could put on the data conversion. From a planning  
5 perspective, ensuring we understand the complexity of  
6 the legacy system that we're converting, and the  
7 amount of what we'll say detailed data that needs to  
8 make it into the system that we're converting into.

9           The other area I think that we could  
10 improve on and that we learned about was our system  
11 integration testing, also with that accounting  
12 system, right, with our legacy system. So that is  
13 something that we believe that in the next project we  
14 can make sure the backwards way, right, of the  
15 accounting systems working with what we just finished  
16 building with EDR one and EDR2. That's pretty much  
17 it. There's others, but those are the highlights.

18           MS. COHEN: Those are the highlights. I  
19 appreciate that. If money were no issue, if you had  
20 more resources, how would you have been able to  
21 implement them in this particular phase of the  
22 project?

23           MS. ROUSSEL: Do you mean in reference to  
24 change requests or implement some of the lessons that  
25 we've learned from the data conversion effort and

1 the --

2 MS. COHEN: Change -- in terms of change  
3 requests.

4 MS. ROUSSEL: With the change requests, I  
5 think we actually really did a very good job of  
6 ensuring that we kept ourselves on schedule and  
7 within budget by ensuring that we were focusing in on  
8 the absolutely right things to do at the right time,  
9 if that makes sense. I don't think actually that we  
10 could have done much different on that front even  
11 with more money. I think we wouldn't have hit our  
12 schedule if we had expanded our dollars, if that  
13 makes sense.

14 MS. COHEN: Yeah. Thank you very much.  
15 I appreciate that.

16 Back to you, Deputy Controller.

17 MR. EMRAN: Thank you, Madame Controller.  
18 Going to recognize Member Perrault from  
19 Department of Finance.

20 MS. PERRAULT: Yeah. Just want to echo  
21 the appreciation shared by the Controller and want to  
22 underscore that I appreciate, from the Department of  
23 Finance, that it was on time and under budget and  
24 within scope. And to Chair Cohen's comment about if  
25 money was no object, I wish that were the case, but

1 as we all know, alas, here we are. So again, even  
2 underscores, even more so, the appreciation that the  
3 team -- I know this was a long project with multiple  
4 phases, and you should really be congratulating  
5 yourselves. There are a lot of, you know, upgraded  
6 technology projects that we are having roll out  
7 throughout the state at any given time. And I can  
8 tell you the percentage of them that can say those  
9 three things about the completion of their project is  
10 not 100%, as we know. In fact, it's only a smaller  
11 percentage. So we appreciate the due diligence and I  
12 guess, maybe just again to piggyback on the  
13 Controller's comments about just sort of next steps  
14 and, you know, lessons learned. I know this is  
15 technically our last formal report, but I think it's  
16 always appreciated by the Board that as you come  
17 upon -- as you're starting to really sit in the  
18 system and work with it and find places where there  
19 could be additional innovations. Or you're finding,  
20 again, maybe additional lessons learned, you know,  
21 updates to us about just sort of how it's going I  
22 think is always appreciated as well. So thank you.

23 MR. EMRAN: Thank you Member Perrault.

24 Board of Equalization Chair Member

25 Lieber?

1 MS. LIEBER: Thank you so much. Well, I  
2 really appreciate all of staff's work on this very  
3 long project, we really brought it home -- and our  
4 outside partners, as well. It is so meaningful to  
5 see this completed. And I'm already thinking in my  
6 mind, how could some of the lessons learned be  
7 conveyed to other agencies that we know are going  
8 through similar large-scale challenges, as well. And  
9 I too am very interested in the implementation going  
10 forward and what other pieces may need to be brought  
11 to bear in the future but congratulations for getting  
12 to this huge milestone.

13 MS. ROUSSEL: Thank you.

14 MR. EMRAN: Thank you. I'd like to just  
15 ditto all the members' remarks in the innovative  
16 shift capital of the world, the technology capital of  
17 the world. We can get it done, and the government is  
18 showing how to get it done. So looking forward to  
19 EDR3. These projects expanded maybe 3, 4, and 5  
20 controllers. So we're going to be able to pass the  
21 baton on and make sure it's something very beautiful  
22 for the rest of our constituents to see. So with  
23 that, I'd like to take public comment.

24 Are there any members of the public that  
25 would like to comment on this agenda item, EDR2, that

1 are in person? Seeing none, I'm going to close  
2 public comment in person. Can we go to the operator?

3 AT&T operator, are there any members of  
4 the public that like to comment on this agenda item  
5 on the line?

6 THE OPERATOR: Thank you. Members of the  
7 public on the phone lines, if you would like to place  
8 yourself in queue for public comment, as a reminder,  
9 you may press 1, then 0 at this time. 1 followed by  
10 0.

11 No members of the public are queueing up  
12 at this time. Please continue.

13 MR. EMRAN: Thank you. And then as they  
14 walk away, can we all give them a round of applause  
15 for the amazing job they've done. Awesome. Thank  
16 you so, so much. Really great to hear that. And  
17 before we move on to Agenda Item Number 5, we're  
18 about just at the hour mark, 2:04. I'm going to call  
19 for a ten-minute break. If we can all reconvene at  
20 2:14, please. Thank you. And we are in recess.

21 (Whereupon, a recess was taken from  
22 2:04 p.m. to 2:15 p.m.)

23 MR. EMRAN: Thank you all, everyone.  
24 Just taking a break just to stretch for a little bit,  
25 grab some water. So we're going to go ahead and

1 resume the rest of our meeting here.

2 Madame Secretary, may you please call the  
3 next item?

4 MS. RUBALCAVA: Agenda Item 5 is a  
5 presentation on Environmental Tax Preference Items  
6 presented by Jenna Lewis and John McMahan. This is  
7 an informational item.

8 MS. LEWIS: Good afternoon, Chair  
9 Controller and Board Members. My name is Jenna  
10 Lewis. I'm the Assistant Chief Counsel of the  
11 General Tax Bureau in FTB's legal division. And with  
12 me today is John McMahan, Chief Economist in FTB's  
13 Economics and Statistics Research Bureau. We're  
14 pleased to present on environmental tax preference  
15 items requested by the Controller at the last board  
16 meeting.

17 Federal and state laws offer tax credits  
18 deductions and exclusions that provide relief for tax  
19 payers and incentivize actions that may not otherwise  
20 be undertaken. I'll start by providing an overview  
21 of current environmental incentives, beginning with  
22 those available only for California purposes, and  
23 then I'll cover a number of those available for  
24 federal purposes. John will then provide some  
25 information on the available data regarding the use

1 of the incentives, as well as some avenues for  
2 providing information to tax payers.

3 As mentioned, there are several credits,  
4 deductions, and exclusions that only apply for  
5 California purposes. The first is the Natural  
6 Heritage Preservation Credit for taxpayers who donate  
7 qualified real property to the state, approved local  
8 governments, or approved nonprofit organizations.  
9 The credit is available for contributions that are  
10 made on or before June 30, 2026 and are approved by  
11 the Wildlife Conservation Board. The amount of the  
12 credit is based on a percentage of the fair market  
13 value of the contributed property.

14 Next is the credit for an eligible  
15 transmission project, which is a relatively new  
16 credit. SB 254, passed in 2025, establishes the  
17 Transmission Accelerator Revolving Fund for public  
18 financing of energy transmission projects to further  
19 California's clean energy goals and to reduce rate  
20 payer costs. For the 2026 through 2035 taxable  
21 years, the credit is available for a taxpayer that is  
22 approved for financing from the GO-BIZ Infrastructure  
23 and Economic Development Bank or IBank. IBank is  
24 required to inform FTB of projects approved for  
25 financial assistance and provide any other

1 information FTB requires to administer the credit.  
2 The credit amount is based on a percentage of  
3 qualified expenditures related to eligible  
4 transmission projects up to \$20 million per tax  
5 payer. FTB is currently in the process of  
6 implementing this credit and has formed a team tasked  
7 with developing a communication plan and a form for  
8 claiming the credit. In addition to credits, a  
9 deduction is allowed for the amount of interest paid  
10 on financing obtained from a public utility company  
11 for installing an energy efficient product for a  
12 qualified California residence.

13           There are also several exclusions for  
14 California purpose. The newest exclusion is in  
15 relation to turf replacement water conservation  
16 programs, which generally provide rebates for  
17 removing existing grass and replacing it with organic  
18 drought tolerant landscaping. For the 2022 through  
19 2026 taxable years, there is an exclusion for amounts  
20 received as a rebate, voucher, or other financial  
21 incentive issued by a public water system, local  
22 government, or state agency for participation in a  
23 turf replacement water conservation program.  
24 Similarly, there is an exclusion for rebates from a  
25 local water or energy agency for the purchase or

1 installation of certain water conservation toilets  
2 and washing machines. And there's an exclusion for  
3 income from an obligation of a community energy  
4 authority. There are a few other California  
5 exclusions, such as amounts received from recycling  
6 centers, bicycle commuting reimbursement, and  
7 employee benefits for participation in a ridesharing  
8 program.

9 I'll now provide a general overview of  
10 some of the current federal environmental incentives.  
11 I'll start with those that are applicable for both  
12 federal and California purposes based on California's  
13 conformity to the federal provision.

14 First, there is a deduction for tax  
15 payers in the business of farming for qualified costs  
16 for three specified activities, soil or water  
17 conservation, prevention of erosion of land used in  
18 farming, and endangered species recovery. There is  
19 also a statute that allows a taxpayer to deduct up to  
20 \$10,000 per year of reforestation expenditures, with  
21 respect to qualified timber property. Reforestation  
22 expenditures are direct costs in connection with  
23 reforestation by planting or seeding. Costs incurred  
24 in excess of \$10,000 may be amortized over seven  
25 years and California modifies the statute to require

1 the property to be in California.

2           Moving on to exclusions, there is an  
3 exclusion for the value of a subsidy provided by a  
4 public utility company for the purchase and  
5 installation of an energy conservation measure, such  
6 as an installation designed to reduce the consumption  
7 of electricity for a dwelling unit. There is also a  
8 relatively new exclusion for elective payments for  
9 environmental credits or credit transfers. For  
10 federal purposes, an applicable entity may elect to  
11 treat certain clean energy tax credits as payments  
12 equal to the amount of the credit. Thus, if the  
13 credit exceeds the tax, it will be treated as an  
14 overpayment and may be refunded. For other  
15 qualifying entities, the credit may generally be  
16 transferred to an unrelated party. For California  
17 purposes, for the 2026 through 2030 taxable years,  
18 these payments are excluded from gross income. The  
19 relevant California statute specifies that the goal  
20 of California's conformity to this exclusion is to  
21 promote investment in and construction of clean  
22 energy projects and clean energy advanced  
23 manufacturing facilities in California.

24           This brings me to incentives that are  
25 available for federal purposes only. I will provide

1 a brief overview of the credits that are eligible for  
2 the selective pay option. The Clean Electricity  
3 Production Credit and the Clean Electricity  
4 Investment Credit are available for tax payers with  
5 the qualified facility and energy storage technology.  
6 The production credit amount depends on the size of  
7 the facility and renewable energy type, and the  
8 investment credit is based on a percentage of the  
9 investment in the facility or technology. The credit  
10 for carbon oxide sequestration includes the capture  
11 and storage of carbon dioxide from an industrial  
12 source that would otherwise be released into the  
13 atmosphere as an industrial emission of greenhouse  
14 gas. The credit amount is based on how many metric  
15 tons it captures and the storage method used. There  
16 is also a credit available for investments in  
17 advanced energy projects to help build clean energy  
18 supply chains, such as establishing a clean energy  
19 industrial manufacturing facility or installing  
20 equipment designed to reduce greenhouse gas  
21 emissions. The advanced manufacturing production  
22 credit is available for producing eligible  
23 components, such as solar energy, as part of a trade  
24 or business. The credit rate varies based on which  
25 eligible components are produced. The alternative

1 fuel vehicle refueling property credit is available  
2 for installing qualified refueling or recharging  
3 property, including electric vehicles charging  
4 equipment, in an eligible location. The property  
5 must be used to store or dispense clean burning fuel  
6 or to recharge electric motor vehicles. Eligible  
7 locations include a low-income community census tract  
8 or a nonurban census tract. There was also a clean  
9 hydrogen production credit based on each kilogram of  
10 qualified clean hydrogen produced by a taxpayer at a  
11 qualified clean hydrogen production facility. And  
12 finally there is a clean fuel production credit for  
13 domestic production of clean transportation fuel. To  
14 qualify for the credit, the taxpayer must be  
15 registered as a producer of clean fuel at the time of  
16 production.

17 Now that you have an idea of some of the  
18 incentives available for taxpayers, I'll turn it over  
19 to John to explain a little bit about data and  
20 communications.

21 MR. MCMAHAN: Thank you, Jenna. And good  
22 afternoon, Chair Controller and esteemed Board.  
23 Today I will discuss the data we have on the  
24 incentives already in place and reported to us. Then  
25 I will discuss how we inform taxpayers about these

1 environmental tax incentives.

2 First, I want to briefly touch on the Tax  
3 Expenditure Report, or TER, because it plays an  
4 important role in how these incentives are considered  
5 at the state level. Each year we prepare data for  
6 the Department of Finance's Tax Expenditure Report,  
7 which provides a complete list of tax expenditures  
8 exceeding \$5 million annually. Expenditures are  
9 considered the revenue the state foregoes through  
10 credits, deductions, and exclusions allowed by law.  
11 This includes a few of the environmental incentives,  
12 like the ones we are discussing today. While the Tax  
13 Expenditure Report does not measure effectiveness or  
14 environmental outcomes, it does give policymakers a  
15 clear picture of the costs of these incentives  
16 relative to other budget priorities.

17 The data we use for the Tax Expenditure  
18 Report comes from a variety of sources, most of which  
19 is our internal tax return data. In some other  
20 cases, such as when we conform to the federal  
21 exclusions, the data is not captured anywhere on the  
22 California tax return. In those cases, we may use  
23 scaled down federal estimates or other external data  
24 sets in order to estimate the California expenditure.

25 One of the credits highlighted by Jenna

1 that is also in the Tax Expenditure Report is the  
2 Natural Heritage Preservation Credit. This credit  
3 has seen a dramatic reduction of activity in recent  
4 years. Each year we reach out to the Wildlife  
5 Conservation Board to see if any new reservations  
6 have been made. And for the past four years, no new  
7 natural heritage preservation credits have been  
8 reserved. This means that any claims for this credit  
9 reported to us on returns were credit carryovers. I  
10 can report that since 2010, approximately \$24 million  
11 in credits have been allowed.

12 We also looked at data for the turf  
13 replacement program and it's related exclusion. As I  
14 briefly mentioned, exclusions are harder to track,  
15 because they are not included in income. For this  
16 and other exclusions, we ask taxpayers to use the  
17 Schedule CA and Form 4197 to report the excluded  
18 income amount. From these forms, we found that in  
19 tax year 2024 taxpayers reported rebate exclusions  
20 for turf replacements totaling approximately 7.3  
21 million. It is important to note here that this  
22 exclusion only applies to incentive payments made by  
23 the public or water utility companies. Thus the  
24 rebate or voucher granted by the utility company  
25 provides the strength of the incentive, while the

1 exclusion itself ensures that those incentive  
2 payments are not taxed as income. Ultimately, the  
3 exclusion saves tax payers an addition 5 to 10%, on  
4 top of the incentive for payment provided by the  
5 public utility company, depending on the taxpayers  
6 marginal tax rate.

7           Additionally, we perform similar analysis  
8 on the remaining incentives Jenna covered. Of note,  
9 we found that approximately 2,500 taxpayers reported  
10 4.8 million in exclusions from rebates associated  
11 with water and energy efficient installations. This  
12 includes the efficient toilets and washers. As I  
13 mentioned, data on exclusions is often incomplete  
14 because they may not be included on the tax return.  
15 So the data reported today may not reflect the full  
16 utilization of these expenditures. So while data and  
17 usage for many expenditures can be limited, FTB does  
18 provide information on these incentives so that  
19 taxpayers and tax professionals are made aware that  
20 they are available. This will be important for some  
21 of the credits and incentives Jenna mentioned, which  
22 are currently in the process of being implemented.

23           One of our most effective and consistent  
24 outreach methods is through the annual update on our  
25 tax forms and instructions. Every time a new credit

1 deduction, exemption, or exclusion is introduced, we  
2 revise the relevant forms and provide detail  
3 instructions to ensure taxpayers and tax  
4 professionals understand eligibility and reporting  
5 requirements. This approach reaches taxpayers at the  
6 point of filing, the moment they are most engaged  
7 with their tax obligations, and ensures that  
8 preparers have accurate and up to date guidance. It  
9 is a foundational part of our communications strategy  
10 and remains one of the most reliable ways to promote  
11 awareness of new incentives. We also complement our  
12 annual updates to tax forms and instructions with  
13 broader outreach strategies. Thankfully all of this  
14 information is available on our website, where  
15 taxpayers and practitioners can go to view our tax  
16 forms or interact with our outreach strategies that I  
17 will discuss in a few moments.

18           Looking ahead, we see some opportunities  
19 to strength in our outreach. First, we can leverage  
20 existing channels to include information on these  
21 environmental credits. These channels include the  
22 Tax News Articles series, which goes out monthly to  
23 over 30,000 tax professionals, and our website which  
24 provides the annual updates made to our tax forms  
25 based on legislative changes. Additionally, we could

1 include social media campaigns that highlight these  
2 incentives. These steps could help us raise  
3 awareness and utilization of these environmental  
4 incentives.

5 Thank you, Chair Controller and Board  
6 Members for your time today, as this concludes the  
7 presentation on environmental tax preference items.  
8 We are happy to answer any questions that you may  
9 have.

10 MR. EMRAN: Thank you. Thank you for  
11 this very important report. And appreciate the  
12 follow up from the December 2025 meeting where the  
13 Controller called for an overview of the  
14 environmental tax credits offered both on a federal  
15 and state level sides. So with that, I'm going to  
16 open it up to questions or comments from the Board  
17 Members.

18 Do I have any members that would like to  
19 comment or question?

20 BOE Chair Member Lieber?

21 MS. LIEBER: Thank you. I was wondering  
22 if you could repeat the numbers on the Natural  
23 Heritage Preservation Credit? It's my understanding  
24 that that's a fairly new program, but how many  
25 entities have availed themselves of that?

1 MR. MCMAHAN: So in the past four years,  
2 we have not received any new reservations for that  
3 credit. Over -- since 2010 is as far back as our  
4 date went, we had about 20 or 30. So in total,  
5 allowing about 24 million in credits.

6 MS. LIEBER: Okay. And then you  
7 mentioned the turf replacement program. And is that  
8 for -- that's for individual taxpayers say, like  
9 households, but it can also be used by utilities? Am  
10 I understanding that one correctly?

11 MR. MCMAHAN: Yes, that's correct.

12 MS. LIEBER: Okay. And then you  
13 mentioned how many applicants there were to the  
14 program involving like the washing machines and  
15 things like that.

16 MR. MCMAHAN: Yeah. So for the water and  
17 energy, they're all rolled together. So we can't  
18 identify individual appliances, per se, but we have  
19 about 2,500 that reported 4.8 million in exclusions.

20 MS. LIEBER: And so 2500 --

21 MR. MCMAHAN: For an average of about  
22 2000.

23 MS. LIEBER: Okay. Okay. Great. Thank  
24 you so much. That's really instructive to know about  
25 what the frequency is like. So I appreciate that.

1           Another question that I had on the  
2 reforestation. It's unqualified timber properties  
3 located in California, and that's both the California  
4 and federal program?

5           MS. LEWIS: We're just talking about the  
6 California reforestation expenditures.

7           MS. LIEBER: Okay. So the tax  
8 expenditure that's going into that would be  
9 reforestation of timber companies' land, in essence?

10          MS. LEWIS: I believe it's commercial  
11 timber production. There's various requirements that  
12 I could give you more detail on, if you want to  
13 follow up.

14          MS. LIEBER: Yeah, I'd love to have a  
15 little more detail on that and kind of understand if  
16 it's a tax expenditure, which is, in a certain way,  
17 an extension of the public's money. Is that going  
18 into reforesting, a commercial operation? And  
19 presuming if they were staying in the business and  
20 not trying to -- it's not a cleanup after someone  
21 clear cuts and the land goes to the public or  
22 something. But is the public in some way responsible  
23 for a tax expenditure that simply reforests areas  
24 that are going to continue to be in timber  
25 production. So I'm very interested in that. It kind

1 of struck me at the time that, you know, so many of  
2 our cities are struggling with needing to do  
3 replanting of trees and the environmental benefit of  
4 the urban canopy. And so how do we balance these  
5 kinds of incentives. But I appreciate your  
6 information on that.

7 MS. LEWIS: Sure, we'd be happy to follow  
8 up on that. Thank you.

9 MR. EMRAN: Thank you so much. And if  
10 you could please follow up with or remember, whether  
11 at the next meeting or just in person, that'll be  
12 great. So I want to thank you for this presentation  
13 on the state of California's leading and ambitious  
14 environmental goals. And as we continue expanding  
15 environmental incentives, it's important that we  
16 understand not just how they're administered, but  
17 whether they are achieving their intended outcomes  
18 and reaching the taxpayers they're meant to serve.  
19 And when we do go back to the Natural Heritage  
20 Preservation Credit started in 2010, it looked like  
21 there was a rise, and now it's a complete drop off.  
22 How do we report this information back to the  
23 legislature or other parties that are administering  
24 or part of the tax credit itself, saying, "Hey, in  
25 the past four or five years, we're not seeing much

1 movement here. Maybe there's something we can reform  
2 or just getting more word out."

3 MR. MCMAHAN: Sure. So whenever we  
4 receive a request for a new legislative proposal, we  
5 are happy to provide that information -- or upon  
6 request. It's also included in the Tax Expenditure  
7 Report, and so folks would be able to go in and check  
8 the current status.

9 MR. EMRAN: But do we report -- do we be  
10 proactive in our reporting to the legislature, saying  
11 that there's been a huge drop off in five years?  
12 Nobody's claimed this credit after \$24 million went  
13 out in the first ten years. Just a question.

14 MR. MCMAHAN: Historically, we don't tend  
15 to do that. We try to allow policymakers to make  
16 those choices. But we're happy to provide any  
17 information when requested.

18 MR. EMRAN: It's just how we kind of use  
19 the data. We're masterminds of data; right? But I'm  
20 sure if the members in the capitol were to see that  
21 this preservation tax credit is not being utilized in  
22 five years, I think there would be some action. And  
23 that's us being proactive on our end.

24 Member Perrault?

25 MS. PERRAULT: As a follow up -- and I

1 wonder if part of this is just in relation to timing  
2 as well. So, you know, we talked about the natural  
3 heritage preservation, which is a donation of  
4 property. The -- you know, in the last six,  
5 seven years we have had other sources of grant  
6 funding that has gone through wildlife conservation  
7 for property acquisition. And so I don't -- I wonder  
8 if the downturn of the utilization of this is not  
9 necessarily as a result of less land being donated or  
10 preserved, but there are other funding mechanisms  
11 that are out there that folks can take advantage of  
12 utilizing through wildlife. The grants for  
13 acquisition is one of the -- is a big one. And so I  
14 wonder -- I think there's probably some interplay  
15 happening here around this -- the tax credit itself.  
16 So I don't know if that's something you have looked  
17 at, but, you know, WCB has certainly ramped up the  
18 amount of funding going out on grants for  
19 acquisition, which may be why folks aren't  
20 necessarily turning over property at the same -- in  
21 the same manner or way.

22 MR. EMRAN: Makes sense. Makes sense.  
23 Appreciate the clarity. And then going back to the  
24 water fixtures, the efficient toilets. You said  
25 you've had individual taxpayers that are installing

1 washers and dryers and efficient toilets and are now  
2 able to claim the tax credit; correct?

3 MR. MCMAHAN: Yes. So the incentive  
4 structure actually operates through the local utility  
5 districts, and we just have the exclusion that's  
6 reported to us. That rebate becomes tax free. And  
7 so they probably have better information on, you  
8 know, the who -- how many of the various appliances,  
9 specifically. And so we just can view at the  
10 aggregate level the total amount of rebates.

11 MR. EMRAN: Understood. My very last  
12 question would be on the turf replacement program.  
13 This year was a below average in rainfall. Before  
14 that, the past five years was a lot of rain. Five  
15 years before that was a drought. So I can kind of  
16 see trends and behavior, maybe people are thinking  
17 their utility bills are going a little higher, maybe  
18 incentivizing this turf replacement program,  
19 especially in places like Sacramento and Palm Desert,  
20 where it gets well over a 100 degrees on any given  
21 summer day. So I think it would be a good time just  
22 to keep pushing that information out to our  
23 taxpayers, because I'm sure there's a renewed  
24 interest now, at this point in -- as we come to an  
25 end of our winter rain season. So I want to thank

1 you both for your presentation. Let's move to public  
2 comment.

3 Are there any members of the public that  
4 would like to comment in person on this agenda item?  
5 Seeing none, are there any members of the public  
6 online that would like to comment?

7 AT&T operator, is there anybody in the  
8 queue?

9 THE OPERATOR: Thank you. Members of the  
10 public -- thank you. Members of the public on the  
11 phone lines, if you would like to place yourself in  
12 queue for public comment, please press 1, then 0 at  
13 this time. 1 followed by 0.

14 No members of the public are queueing up  
15 at this time. Please continue.

16 MR. EMRAN: Thank you. We're going to go  
17 and close out this agenda. I want to thank both  
18 speakers for your time, Jenna and John.

19 And Madame Secretary, may you please call  
20 the next item?

21 MS. RUBALCAVA: Agenda Item 6 is a  
22 presentation on Maximizing the Taxpayers' Audit  
23 Journey. This is presented by Gretchen Moe and  
24 Madhvi Shah. This is an informational item.

25 MR. EMRAN: Thank you all. Welcome, and

1 please take it away when you're ready.

2 MS. MOE: Thank you. Good afternoon  
3 Chair Controller and Board Members. My name is  
4 Gretchen Moe, Chief of the Audit Division, and I am  
5 joined by Madhvi Shah, director of the National  
6 Business Audit Bureau within the audit division.  
7 Thank you, Controller, for requesting this agenda  
8 topic for today's board meeting. During the next few  
9 minutes, we will provide an overview of the audit  
10 division's role within the Franchise Tax Board,  
11 describe the different types of audits and taxpayer  
12 contacts, and walk through key stages of the  
13 professional audit process. The presentation will  
14 also include recommended best practices for  
15 taxpayers.

16 The audit division plays a critical role  
17 in supporting the Franchise Tax Board's mission to  
18 accurately and fairly administer California's tax  
19 laws. Our main responsibility is to audit income tax  
20 returns to ensure they are complete, correct, and  
21 reflect the proper tax liability. Auditors evaluate  
22 returns filed by a wide variety of tax payers,  
23 including individuals, corporations, partnerships,  
24 fiduciaries, and tax-exempt organizations. Our  
25 experience demonstrates that the most successful

1 audits occur when communication is clear, cooperation  
2 is strong, and everyone is committed to following  
3 agreed upon timelines.

4 Now, let's discuss the different types of  
5 audits. Automated and semiautomated audits are based  
6 on the IRS's Automated Under Reporter program to find  
7 discrepancies between informational returns, like  
8 1099's and W-2's and the federal tax returns.

9 Automated audits match IRS data to California  
10 taxpayers using FTB's enterprise tax system,  
11 automatically calculating state tax due and sending  
12 adjustment notices. When minimal staff review is  
13 needed, it becomes a semiautomated audit. Taxpayers  
14 who receive an automated or semiautomated audit  
15 notice are provided with the standard protest and  
16 appeal rights and timeframes associated with FTB's  
17 notice of proposed adjustment.

18 Now, let's move on to professional  
19 audits. This is the type of audit most people think  
20 of, and will be the focus of the remaining  
21 presentation. In this situation a taxpayer is  
22 notified and an auditor is assigned to manually  
23 review their income tax return, rather than relying  
24 on automated processes. Professional audits are  
25 conducted under Revenue and Taxation Code

1 Section 1903. The purpose is to efficiently  
2 determine the tax correct tax by applying the  
3 relevant laws and regulations to the taxpayer's  
4 specific facts. Audits must be completed in time to  
5 issue a notice of proposed deficiency assessment or  
6 proposed overpayment before the statute of  
7 limitations expires. Our goal is to finish audits  
8 within two years, although many are resolved sooner,  
9 especially simpler cases. More complex audits may  
10 take the full two years. Currently, 96% of our audit  
11 cases meet our goal, while four are over the  
12 three-year -- are over three years old. Several  
13 factors may contribute to cases remaining unresolved  
14 for more than three years. This includes ongoing IRS  
15 audits, pending litigation, or requests from  
16 taxpayers for additional time to submit  
17 documentation. With this background, we will give a  
18 brief overview of the audit process, including  
19 correspondence, procedures, expectations, and  
20 interactions with taxpayers.

21 In the audit journey the first  
22 correspondence a taxpayer may receive will generally  
23 fall within three types of initial contact. The  
24 initial contact letter, or ICL, is the formal written  
25 note informing the taxpayer that the return has been

1 selected for audit. This letter typically includes a  
2 scheduling questionnaire, as well as the contact  
3 information for the auditor supervisor and manager  
4 who taxpayers may contact if issues cannot be  
5 resolved directly. In some situations, the auditor  
6 will call the taxpayer when there is an ongoing audit  
7 with us year after year, and when a clear mailing  
8 address is unavailable. Following a phone call, the  
9 formal initial contact letter will still be issued.

10           There are instances where we cannot  
11 determine based solely on the tax return whether an  
12 audit is warranted. In these cases the auditor may  
13 issue a preliminary request for information before  
14 deciding to initiate an audit. After reviewing the  
15 documents. The auditor either issues an ICL or  
16 closes the inquiry. Taxpayers who want to appoint a  
17 representative will receive instructions from the ICL  
18 on how to submit a power of attorney, or POA. They  
19 can provide the POA through their My FTB portal or  
20 directly to the auditor. Once the POA is approved,  
21 the auditor only communicates with authorized  
22 representatives.

23           During the audit, auditors issue  
24 information document requests or IDR's, to obtain  
25 records needed to establish the facts. IDR's outline

1 the specific information being requested, and in most  
2 cases, include an explanation of why the information  
3 is needed. Taxpayers are encouraged to ask questions  
4 and work with auditors to identify acceptable  
5 alternative documentation when needed.

6 Now I will turn the presentation over to  
7 Madhvi to walk through what taxpayers can expect  
8 during the audit itself.

9 MS. SHAH: Thank you, Gretchen. The  
10 audit process starts when the taxpayer receives an  
11 initial contact letter. Auditors begin by reviewing  
12 documents and tailor communication based upon each  
13 audit case. For complex audits, the auditor may  
14 issue an audit plan which lists key issues,  
15 timelines, and contacts, and may disclose this in an  
16 opening conference. In simpler complex cases, this  
17 step might be skipped.

18 During the opening meeting, document  
19 requests are clarified and response timelines are  
20 set, which is usually 30 days, but can change  
21 depending on circumstances. Periodic status meetings  
22 will be scheduled to help track progress and resolve  
23 questions, sometimes with supervisors joining in.  
24 The audit meetings, or field appointment, can take  
25 place virtually, at the taxpayer's place of business,

1 a representative's office, or at a FTB office.  
2 Auditors send document requests as needed and keep  
3 the audit plan updated. Audit supervisors  
4 continually meet with their audit staff during an  
5 audit and help them manage timelines, promote --  
6 provide guidance and resources as needed for the  
7 audit issues. Supervisors help guide their auditors  
8 to complete their audits as efficiently as possible  
9 by tracking case progress on reports, help identify  
10 compliance trends and manage taxpayer requests. If  
11 there are any concerns during an audit, taxpayers  
12 should contact the audit supervisor or manager listed  
13 in the initial contact letter.

14 An audit is nearly complete once the  
15 taxpayer submits all the required documents. At this  
16 point, the auditor has completed their review and is  
17 prepared to formulate recommendations. If the  
18 taxpayers' documentation shows the amount they paid  
19 was accurate, the auditor will proceed to close the  
20 audit case with the notice of a no change action.  
21 However, if multiple issues need addressing, the  
22 auditor may prepare an audit issue presentation  
23 sheet, or an AIPS, for each separate issue. And AIPS  
24 can be provided at any stage of the audit, and  
25 outlines the issue, facts, law analysis, and

1 conclusions of the specific issue. Once an AIPS has  
2 been issued, this period is the taxpayer's  
3 opportunity to correct factual misunderstandings and  
4 present rebuttal arguments. If taxpayers agree with  
5 an AIPS, they must provide a written rebuttal within  
6 the specified time, explaining the reason and  
7 providing supporting documentation. This process  
8 helps to resolve disputes during the audit.  
9 Typically, taxpayers have 30 days to reply to an  
10 AIPS, but auditors may allow deadline extensions if  
11 circumstances and statute of limitations permit. The  
12 auditor may also schedule a closing conference to  
13 review the outstanding issues, discuss possible  
14 results, and review FTB post-audit rights.

15 A position letter is then issued which  
16 brings all audit findings there. When there is only  
17 one issue or all the concerns are linked to the same  
18 set of facts, the position letter can serve as a sole  
19 summary. When AIPS were previously issued, the  
20 position letter will summarize their conclusions and  
21 provide revised tax calculations based upon all audit  
22 adjustments. Following the closing conference, AIPS  
23 rebuttals, and position letter, the auditor issues an  
24 audit closing letter. As the final notice before  
25 internal review, we conduct thorough reviews during

1 and after an audit to ensure accuracy. Supervisors,  
2 subject matter experts, and our technical resource  
3 unit may assist on specific issues as needed.

4 After the closing letter, the audit case  
5 may receive an additional technical review for  
6 verification of the issues and tax calculations.  
7 Once all reviews are complete, official notices are  
8 sent to the taxpayer or representative.

9 Clear communication and transparency are  
10 vital for efficient audits with minimal disruption.  
11 In our experience, timely and accurate completion of  
12 audits rely heavily on the ongoing exchange of  
13 information between auditors and taxpayers or their  
14 representatives. Auditors -- audits succeed when  
15 information is openly shared between auditors and  
16 taxpayers. We start by building collaboration,  
17 explaining the audit purpose, expectations, and  
18 procedures, and maintain openness through regular  
19 meetings and quick responses to questions. At times  
20 technical advisors may assist the auditor with  
21 complex issues. However, the main auditor stays the  
22 primary contact for consistency.

23 Both parties should be transparent about  
24 deadlines and potential delays to keep audits  
25 progressing smoothly. We demonstrate our commitment

1 to openness through opening and closing conferences,  
2 regular status meetings, and formal responses to  
3 documents, like AIPS and position letters. These  
4 checkpoints keeps tax payers informed, clarify next  
5 steps, and enable prompt resolution of questions or  
6 concerns.

7 Taxpayers may elevate concerns beyond the  
8 auditor when necessary. Audit correspondence  
9 includes supervisor and manager contacts, which  
10 taxpayers and their representatives may use to  
11 resolve issues efficiently. The Franchise Tax Board  
12 audit home page also lists contact details for audit  
13 program leaders should additional guidance be needed.  
14 Our teams are dedicated to supporting every audit  
15 from -- sorry -- supporting every audit and making  
16 sure the process is clear, communicative, and focused  
17 on finding solutions from start to finish.

18 Thank you, Chair Controller and Board  
19 Members for your time today, as this concludes the  
20 presentation on maximizing the taxpayers' audit  
21 journey. We're happy to answer any questions you may  
22 have.

23 MR. EMRAN: Thank you. Thank you for the  
24 presentation, the audit processes is one of the most  
25 direct interactions taxpayers have with the Franchise

1 Tax Board, and it plays a significant role in both  
2 shaping compliance and trust. As we look at these  
3 improvements, I think it's important that we focus  
4 not just on the process, but whether these changes  
5 are making audits more consistent, less burdensome,  
6 and ultimately more effective. So with that, I'm  
7 going to open it up for the members' questions and  
8 comments.

9 Let's start with our Chair Controller,  
10 Malia Cohen.

11 MS. COHEN: Thank you very much. I  
12 appreciate it Deputy Controller. Thank you for the  
13 presentation. It's actually incredibly thoughtful,  
14 although it still leaves many questions in my mind  
15 lingering. I feel like we're just beginning to  
16 scratch the surface. As the deputy controller  
17 mentioned, the audit tool is a very powerful tool  
18 that, in my opinion, is underutilized. It really  
19 tells a -- paints a story. And I'm wondering what  
20 you, as staff, what your takeaway was in conducting  
21 this and reviewing this subject matter?

22 MS. SHAH: Thank you for the question.  
23 As director for the National Business Audit Bureau,  
24 I'm responsible for making sure our audit staff is in  
25 compliance with our rules and regulations. And so my

1 takeaway was that continually enforcing our policy  
2 and procedures that we have set forth and keeping  
3 that open line of communication with our tax payers  
4 is very vital. At times we need to make sure that we  
5 teach our new staff that come aboard to the audit  
6 division how to have these interactions with  
7 taxpayers. We're kind of in a different environment  
8 right now. A lot of it is digital and online. And  
9 so, you know, as a division, we've kind of pivoted a  
10 little bit from a lot in person to some virtual and  
11 some in person. And so to me, the most important  
12 takeaway is that we need to continue to share and  
13 train and guide our audit staff to making sure that  
14 they keep these open lines of communication with  
15 their taxpayers that they audit.

16 MS. COHEN: So tell me, because I know no  
17 process is perfect. What are the gaps that are that  
18 you found inside your process with your staff and  
19 with your audit team? How do we begin to operate in  
20 a more efficient manner? And the reason why I ask  
21 those questions is because when I hear from  
22 businesses and individual tax filers, they paint over  
23 little bit of a different picture than what was  
24 presented today.

25 MS. SHAH: Thank you for the question.

1 You know, no one likes to go through an audit. It's  
2 not a -- it's burdensome whether it be a personal  
3 income tax, or corporation, or a passthrough entity  
4 audit. Our job there is to make sure that taxpayers  
5 are in compliance. The process itself has not  
6 changed much over the years. It's just how we  
7 deliver our audits and how we take upon doing our  
8 audits have changed. And as I mentioned before, I  
9 think the -- probably the biggest gap that we have is  
10 making sure our audit staff understand and know how  
11 to have communications with taxpayers, and understand  
12 the technical aspect of the issues that they're  
13 working, making sure they're trained and engaged in  
14 the work, and having enough subject matter experts to  
15 help guide them in their audits.

16 MS. COHEN: So tell me a little bit about  
17 the training that the auditors go through. Describe  
18 it.

19 MS. SHAH: So as a new auditor, when you  
20 come to the Franchise Tax Board, majority of them do  
21 not have tax experience when they come to work for us  
22 at the audit division. So we embark on quite a bit  
23 of training. We have a one-year probationary period.

24 MS. COHEN: So you have training modules?  
25 Do you send them to Sac State? I mean, what consists

1 of this training?

2 MS. SHAH: Yes. So we have six weeks of  
3 hands-on training that we provide, the first six  
4 first six weeks with their -- when they're in with  
5 FTB. And then it's ongoing training, which is just  
6 in-house technical training, learning the issues,  
7 learning how to audit, learning to look at  
8 documentation, review taxpayer documentation, and  
9 interactions with taxpayers. And so that's why our  
10 probation is quite long, as well. Because it's a  
11 long process. The audit journey is a long journey,  
12 even for our auditors to get comfortable with doing a  
13 full audit on their own. So they have a pretty big  
14 support group of supervisors, mentors, and managers  
15 that help them.

16 MS. COHEN: So these new auditors, do  
17 they -- are there tests given to evaluate their  
18 performance as they go through this probationary  
19 period?

20 MS. SHAH: Yes. So probationary means  
21 that it's subject to them passing their probation,  
22 and it is -- we provide an evaluation at the end.  
23 Actually, it's three times every quarter they get an  
24 evaluation during their probation period as to how  
25 they're progressing. Once they pass probation we

1 have annual evaluations that we provide once a year.  
2 And that is the supervisor's opportunity to assess  
3 the auditor and -- in their skills, their abilities,  
4 and development.

5 MS. COHEN: All right. Deputy Chief,  
6 back to you. Thank you.

7 MR. EMRAN: Thank you Madame Controller.  
8 Now recognize BOE Chair Member Lieber.

9 MS. LIEBER: Thank you. I am -- I have  
10 several questions. The first one would be how do  
11 people or entities get selected for the automated  
12 audits?

13 MS. MOE: Thank you for the question. So  
14 the automated audits, we get information from the  
15 IRS that we --

16 MS. LIEBER: Try the other one.

17 MS. MOE: Okay. Can you hear me now?

18 MS. LIEBER: Yes.

19 MS. MOE: We get information from the IRS  
20 that shows the changes at the federal level, and then  
21 we use that with our own account -- our own tax  
22 system to issue those automated notices.

23 MS. LIEBER: Okay. So then people at all  
24 income levels -- or businesses at all levels of  
25 volume or whatever could be selected for the audit.

1 MS. MOE: Sure.

2 MS. LIEBER: And how do you handle the  
3 language access from the time of the initial contact  
4 letter on.

5 MS. MOE: Sure, great question. So our  
6 notices are issued in English only, but we do have  
7 services available at Franchise Tax Board. So if a  
8 taxpayer needed a notice or an explanation in  
9 something other than -- in a language other than  
10 English, they can call in. And we have those experts  
11 that can translate and provide that information.

12 MS. LIEBER: Okay. And so the initial  
13 contact letter says, if you --

14 MS. MOE: It has that information on  
15 there.

16 MS. LIEBER: Okay. And not that I want  
17 to edit anyone's documents. I'm barely keeping up  
18 with my own. But I would love it if we could see  
19 some examples of how taxpayers are communicated with.

20 MS. MOE: Sure.

21 MS. LIEBER: And, you know, I raised just  
22 the subject of this agenda item with people and said:  
23 "What do you think it is to maximize the taxpayers  
24 audit journey?" And they said, "Maybe that's, you  
25 know, how many years I'm going to be involved in this

1 thing."

2 MS. MOE: No, not at all.

3 MS. LIEBER: But it's really seeing what  
4 are the best practices for streamlining it. Is  
5 that -- am I understanding it right?

6 MS. MOE: That's correct. We don't want  
7 to maximize your time with us. We really want to.

8 MS. LIEBER: Okay.

9 MS. MOE: Our best practice is to make it  
10 as efficient as possible.

11 MS. LIEBER: Great. And so presumably  
12 low-income individuals that are still filing a tax  
13 return, the revenue, as it were, or whatever for the  
14 effort that goes into it would be very small. And  
15 I'm thinking of some constituent context that we've  
16 had from, you know, like a 94-year-old woman. And so  
17 how does that -- like there's a there's a big net for  
18 everybody through the automated audits. And then  
19 does it get more selective after that?

20 MS. MOE: As we go to our professional  
21 audits, is that what you're speaking to or more about  
22 automated audits?

23 MS. LIEBER: Well, they would probably  
24 not even have professional representation.

25 MS. MOE: Okay.

1 MS. LIEBER: But like, how many audits  
2 are there per year of low-income people, middle  
3 income people, and, you know, wealthy individuals and  
4 corporations.

5 MS. MOE: Sure, great question. We do  
6 like to keep the numbers confidential. I'm happy to  
7 provide some information outside of the meeting on  
8 the specific numbers.

9 MS. LIEBER: Sure, that would be great.  
10 And it would just -- it would be instructive even to  
11 get their -- there are -- there's a certain number of  
12 the automated ones. And then the -- it's a pyramid,  
13 so that we could understand if it's -- what's  
14 happening with that. And then, yeah. I'd just  
15 really like to see, if we possibly could, what kind  
16 of communications folks are receiving and if we could  
17 understand the magnitude of it. And does it come  
18 with, like say, an FAQ where it says, you know, the  
19 reason that you're getting this communication is  
20 because you have been randomly selected versus we  
21 have reason to believe or those kinds of thing.

22 MS. MOE: Sure. Yeah. I'm happy to  
23 provide some information. We also have a publication  
24 on what to expect during your audit, as well. That's  
25 informative for people, but happy to provide some

1 examples of correspondence that we provide.

2 MS. LIEBER: Yeah. I would love to see  
3 the "What to Expect" document, as well. And --

4 MS. COHEN: I'm sorry. Let me -- Chair,  
5 if I could interject here, this "What to Expect"  
6 document, is it not public? It's not on a website?  
7 It's not as easily accessible?

8 MS. MOE: It is on the web site.

9 MS. LIEBER: I'll definitely comb through  
10 the website to get anything that I can get from  
11 there. So those are my -- basically my questions.  
12 And I ask for further information so we can get an  
13 understanding of it.

14 MR. EMRAN: Thank you, Member Lieber.  
15 Really appreciate your feedback there.

16 I just had one question myself, actually,  
17 on aged audits, audits that are three years and  
18 above. How are we working on getting that backlog  
19 down? And what are some of the biggest hurdles you  
20 believe FTB's facing in clearing that backlog?

21 MS. MOE: Sure. So I'll just -- because  
22 I'm proud to reiterate that we are within our goal  
23 over -- we're within 5%. So we're right about 4% on  
24 our aged inventory. Some of the reasons for, as I  
25 mentioned, are because of the IRS pending audits. We

1 typically like to wait until the IRS is finished with  
2 their audit and then make our adjustments as needed.  
3 Or the taxpayer has requested additional time to  
4 respond, or there's litigation pending. So we  
5 continually -- our supervisors meet with our audit  
6 staff monthly, do inventory reviews. We are  
7 continuously in communication. We review inventory  
8 reports to ensure that the audits are moving along.  
9 I ask questions, our leadership team asks questions  
10 to make sure that we're moving those audits along to  
11 ensure that we're closing them as efficiently as  
12 possible.

13 MR. EMRAN: Wonderful. Are there  
14 instances where in submission of requested material  
15 at the onset precludes the need for an audit?

16 MS. MOE: Meaning like our preliminary  
17 request for information? Yes, that has happened.  
18 When we request information, we get it, and  
19 everything looks like there isn't a need for  
20 additional information, then we'll close the audit.

21 MR. EMRAN: I appreciate that. So if you  
22 can make sure to follow up on Member Lieber's two  
23 requests there. And I want to thank you for the  
24 update. This is an important area because it sits at  
25 the intersection of enforcement, taxpayer experience,

1 and trust. So I encourage us to continue looking at  
2 the process for improvements and towards measurable  
3 outcomes, including reduced disputes, faster  
4 resolutions, and stronger long-term compliance so the  
5 Board can continue tracking this progress in a  
6 meaningful way. So I want to thank you for that.

7 And we can go now to public comment. Are  
8 there any members of the public that would like to  
9 comment on this agenda item? Seeing none in person,  
10 can we go to the phone line?

11 AT&T operator, are there any members of  
12 the public online that would like to comment on this  
13 specific item?

14 THE OPERATOR: Members of the public on  
15 the phone lines, if you would like to place yourself  
16 in the queue for public comment, as a reminder, you  
17 may press 1, then 0.

18 We go to Christine Grab. Please go  
19 ahead.

20 MS. GRAB: Hi. Could you please explain  
21 why the number of audits per income breakdown is  
22 confidential information? We taxpayers, who are your  
23 employers, would like to know this information.

24 MR. EMRAN: Is that all your comment, Ms.  
25 Grab?

1 MS. GRAB: Yes, if you could please  
2 explain that, I would appreciate it.

3 MR. EMRAN: Thank you. Next caller,  
4 please?

5 THE OPERATOR: And no members of the  
6 public are queueing up at this time. Please  
7 continue.

8 MR. EMRAN: Wonderful. We're going to go  
9 ahead and close this item out. And --

10 MS. COHEN: Before you close out this  
11 item. I mean, to be honest with you Christine Grab  
12 raised the same question that I had in the back of my  
13 mind. I don't understand why that number would be  
14 confidential or private. We literally collect  
15 information for a living at the Franchise Tax Board.  
16 Why is that -- we're not asking for individual  
17 account information.

18 MR. HOFELING: I'm happy to address that.  
19 So our audit criteria is confidential. In order  
20 to --

21 MS. COHEN: What's confidential?

22 MR. HOFELING: I'm sorry?

23 MS. COHEN: Please repeat yourself.

24 MR. EMRAN: Shane, if you go ahead -- for  
25 the record.

1 MR. HOFELING: Oh, yes. This is Shane  
2 Hofeling, Chief Counsel, the Franchise Tax Board. So  
3 our audit criteria is confidential. And so with  
4 that, any breakdown of that, that would provide  
5 insight to individuals of what levels we do audit  
6 would provide a kind of an example of areas that  
7 would allow people to take perhaps less accurate  
8 positions. If they need, they fill in certain levels  
9 based on their chances of being audited. As a  
10 result, we don't disclose that information publicly  
11 in order to protect our audit criteria.

12 MS. COHEN: And is that a longstanding  
13 policy that -- has it ever been challenged before?  
14 Or is that just a policy, or is that like law?

15 MR. HOFELING: So as far as -- so we have  
16 the ability under the statutes to keep our audit  
17 criteria confidential. And so it's been a  
18 longstanding policy that we've looked at our specific  
19 data, according to that, as being part of that  
20 criteria.

21 MS. COHEN: Okay. I'm not sure I'm in  
22 agreement with that interpretation, but we'll move  
23 on.

24 MR. EMRAN: Thank you.

25 MS. COHEN: Back to you, Deputy

1 Controller.

2 MR. EMRAN: Appreciate that, Madame  
3 Controller. So now that we've done public comment,  
4 we've had comment from the members and questions  
5 answered.

6 So Madame Secretary, may you please call  
7 the next item, Item Number 7.

8 MS. RUBALCAVA: Item 7 on the agenda is  
9 the Executive Officer's Time. And I will turn it  
10 over to Selvi Stanislaus.

11 MS. STANISLAUS: Thank you, Madame Chair.  
12 And good afternoon, Board Members. So before I share  
13 some of my comments, I would like to observe that the  
14 Controller's daughter was sitting intently on the  
15 Controller's lap and listening to the FTB Board  
16 Meeting. She's, you know, she's a little -- she's  
17 four years old.

18 MS. COHEN: Five.

19 MS. STANISLAUS: So another future FTB  
20 employee probably working on audits with us. So that  
21 was so cute to see that. All right, everyone. I  
22 would like to welcome all of you to our first board  
23 meeting of 2026 at this beautiful media complex.  
24 It's truly a privilege to be here with all of you.  
25 I'm excited about the work we'll accomplish together

1 this year.

2 First, I want to extend a heartfelt thank  
3 you to the State Controller, Malia Cohen, and also to  
4 our Board Members for your support through 2025.

5 Your guidance and collaboration were instrumental in  
6 helping us achieve another successful year. We're  
7 deeply grateful for your continued partnership as we  
8 progress into 2026, and I look forward to building on  
9 the strong foundation we've established together.

10 It's also my pleasure to welcome back Board Member  
11 Sally Lieber from the Board of Equalization. Member  
12 Lieber, your expertise on leadership, public service,  
13 and advocacy will again be invaluable as we navigate  
14 the challenges and opportunities ahead in 2026.

15 So as you know, Tax Day is just around  
16 the corner. So I want to give a quick update on our  
17 filing season stats. And I know Michael gave some  
18 updates, but let me enhance some of those stats. So  
19 over 10 million personal income tax returns, with 98%  
20 of those have been e-filed. We processed 7 million  
21 refunds, with an average refund of \$1,369. 6.4  
22 million refunds were deposited directly in the  
23 taxpayer's bank account. And 82% of refunds were  
24 issued in under ten days. So far, we processed over  
25 3.4 million tax payments, totaling over \$27 billion,

1 with 89% of that money received electronically. And  
2 that was a question that you asked Member Perrault.  
3 We are excited that many people are now banking  
4 electronically with us.

5 So I also want to give a quick reminder  
6 about some FTB events happening this year so. Tax  
7 day's April 15th. So all hands are on deck right now  
8 at FTB. Thank you Controller Cohen, and thank you,  
9 Member Lieber for coming and being a part of Tax Day  
10 with us. And April 29th from 11:00 a.m. to  
11 1:00 p.m., we are hosting our Annual Wellness Fair,  
12 one of my favorite events of the year. Also a VITA  
13 Year in Celebration is scheduled for May 13th. And  
14 later in the year, on July 21st, we'll be hosting a  
15 much deserved EDR2 End of Project Celebration.

16 So with that, I want to thank our FTB  
17 staff, who makes all this possible through your hard  
18 work and dedication. And, again, thank you to the  
19 Board for your support during this filing season.  
20 And also, a big, big thank you to all our FTB staff  
21 who work tirelessly to ensure this Board meeting runs  
22 smoothly with a shift in location almost last minute.  
23 So thank you, staff. I appreciate all of you.

24 Back to you, Controller.

25 MR. EMRAN: Thank you, Executive Officer

1 Selvi. Really appreciate the report. And I'd also  
2 like to just thank the staff for the accommodation.  
3 We'll be back in the Goldberg Auditorium at our next  
4 meeting.

5 So I'm going to open this up now to  
6 member questions or comments on the Executive  
7 Officer's Report. Seeing none, we can move now to  
8 public comment.

9 Are there any members of the public in  
10 person that would like to comment on the Executive  
11 Officer's Report? Please step forward.

12 Seeing none, AT&T operator, are there any  
13 in the queue that would like to speak to Agenda Item  
14 Number 7?

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

19 We go to Christine Grab, you may go  
20 ahead.

21 MS. GRAB: Bill Hilson retired in 2022.  
22 Per public records, he returned to employment with  
23 FTB in 2023. Per public records, Bill Hilson has  
24 been violating the terms of CalPERS by collecting  
25 both a paycheck from FTB and his pension. While

1 CalPERS does allow a retiree to go back to their old  
2 job one time as a temporary employee, Bill Hilson has  
3 been in FTB for over two years now. That's not  
4 temporary. The rules of CalPERS explicitly state  
5 that retirees cannot go back to their old jobs on a  
6 part-time base in order to supplement their pensions.  
7 FTB should have never allowed Bill Hilson back. It  
8 is unconscionable that FTB is committing pension  
9 fraud in order to keep him on staff. I demand the  
10 resignation of Candice Malone, all of the Board  
11 Members, and all of the executive staff for  
12 facilitating pension fraud.

13           Furthermore, as the state's collection  
14 agent, I expect FTB to recoup stolen pension funds  
15 from Mr. Hilson, with the same --

16           (Cross-talk.)

17           MR. EMRAN: Thank you. Next caller,  
18 please.

19           THE OPERATOR: And no members of the  
20 public are queueing up at this time. Please  
21 continue.

22           MR. EMRAN: Thank you. Seeing that  
23 there's no other members of the public that would  
24 like to comment on this, we can move on to our next  
25 agenda item.

1           Madame Secretary, may you please call the  
2 next item?

3           MS. RUBALCAVA: Item 8 is the Board  
4 Members' time.

5           MR. EMRAN: Thank you. We are at Board  
6 Members' time. I'm going to go ahead and try to take  
7 public comment first now on this item.

8           So are there any members of the public  
9 that would like to comment on Item 8?

10          Seeing none in person, AT&T operator, is  
11 there anybody in the queue that would like to comment  
12 on Agenda Item Number 8, Board Members' Time.

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

17          And we go to Christine Grab, please go  
18 ahead.

19          MR. EMRAN: Ms. Grab, again --

20          MS. GRAB: What's the topic? We don't  
21 know if we should comment without knowing the topic?

22          MR. EMRAN: Can you please just keep it  
23 within the parameters of the agenda item, please.

24 And you can go on and we can restart your time.

25          MS. GRAB: Executive, please just tell us

1 what the topic is, so we know if we should comment,  
2 for the Board Members' Time.

3 MR. HOFELING: The current agenda item is  
4 Board Member Time, so it's a time for the Board  
5 Members to bring up any specific items that they  
6 would like to talk about. So currently, no items  
7 have been brought forward.

8 MR. EMRAN: We can start your clock, Ms.  
9 Grab.

10 MS. GRAB: Oh, no. I just wanted to know  
11 what the topic was because I don't know if I want to  
12 comment until I hear what you say. So I'd like to  
13 know what you're going to talk about so I know if I  
14 want to make a comment.

15 MR. EMRAN: Is there any other comments  
16 from you, Ms. Grab? We're going to move on.

17 MS. GRAB: No. I'm really frustrated  
18 that you ignore me and, like, won't acknowledge my  
19 words. Very frustrating.

20 MR. EMRAN: Thank you. Can we move on to  
21 the next caller, please?

22 THE OPERATOR: And there are no other  
23 members of the public in queue at this time. Please  
24 continue.

25 MR. EMRAN: Thank you so much. So we're

1 going to move forward now. We have a very exciting  
2 day because we have two retirement resolutions from  
3 the Franchise Tax Board. And I'd like to take the  
4 time to celebrate the amazing achievements of two of  
5 our colleagues, Susan Maples and Jennifer Roussel,  
6 with Board resolutions on the occasion of their  
7 retirement.

8 So if you two can come on up. Do not be  
9 shy. It's the last, last day.

10 So I have these two beautiful resolutions  
11 I'd like to read into the record. First would be of  
12 FTB's Economic and Statistical Research Director,  
13 Susan Maples, today, with a retirement resolution  
14 celebrating her 33 years with the Franchise Tax  
15 Board. We would like to welcome Susan's family that  
16 is joining us today. Susan is joined by her husband,  
17 James, her son Zach, and parents, Jim and Marcia.

18 So Susan, our Board resolution to you  
19 reads -- I'll ask Member Lieber if you can hold this.  
20 Susan Maples, who began her Franchise Tax Board  
21 career in 1993 as a tax auditor, concludes it as a  
22 Director of the Economic and Statistical Research  
23 Bureau, is known for being an honest and transparent  
24 leader, and exceptional problem solver and poised  
25 public speaker, and her unwavering dedication.

1           Whereas Ms. Maples dedicated much of her  
2 career to representing the FTB through her roles as  
3 public affairs, trade media, and a taxpayer rights  
4 advocate office, where she served as the taxpayer  
5 advocate for six years. She provided countless hours  
6 of outreach and training to taxpayers and tax  
7 professionals, provided testimony at legislative  
8 hearings, and presented at professional conferences.

9           And whereas Ms. Maples made a lasting  
10 impression on the people and programs she worked  
11 with. She was a voice for those who cannot speak for  
12 themselves, fiercely advocating for taxpayers and  
13 their rights, fostering relationships with tax  
14 preparers in the community, providing outreach to  
15 Californians eligible for the EITC, and leading her  
16 teams with strength and care.

17           Whereas Ms. Maples demonstrated  
18 integrity, intelligence, acceptance, and compassion  
19 in all her roles at FTB. She values the time she  
20 spent working in San Diego and the ventures she  
21 experienced there, the new perspectives gained from  
22 working with different people, the experiences gained  
23 from being a part of the mission and values team, and  
24 the time spent stepping out of her comfort zone and  
25 continuously growing and learning.

1           Whereas Ms. Maples looks forward to more  
2 time to travel, golf, volunteer, enjoying the  
3 outdoors, riding her bike, and spending more time  
4 with her husband and sons in retirement. She plans  
5 to explore new places, and hopefully play a round of  
6 golf at Saint Andrews, before settling down to be  
7 closer to family.

8           Now therefore, let it be resolved that  
9 this 6th Day of April, 2026 by the Franchise Tax  
10 Board, that we recognize and thank Susan Maples on  
11 the day of her retirement for her professional and  
12 personal dedication during 33 years to the State of  
13 California, to the Franchise Tax Board, and most  
14 importantly to the people of the State of California.  
15 Congratulations. We wish you all the best as you  
16 embark on this new chapter. Can we all give her a  
17 big round of applause. Thank you.

18           Ms. Maples, I'll turn it to you if you  
19 have any comments. Go on up.

20           MS. MAPLES: Yes, very brief. It's  
21 surreal to be here the for the last time, because I  
22 feel like I've given so many speeches before this  
23 Board. And I want to thank everyone for their  
24 support, but today there's some other people I need  
25 to thank. And 33 years ago I graduated from Sac

1 State not knowing what I wanted to do. And my mom  
2 was working at the Board of Equalization. I shared  
3 that with Selvi. And she encouraged me to go to the  
4 state interviews on campus, and I did. Ended up  
5 getting offered a job at Franchise Tax Board. And  
6 one of the other things that she did was hound me  
7 constantly about starting a 401K in the 457. Back  
8 then, it was a paper process. It was not easy to do.  
9 But she insisted that I do that and that I contribute  
10 a portion of every raise that I got into my  
11 retirement. And because of that, I am standing here  
12 today ready to retire and eager to move on with my  
13 life. So a huge thanks to my mom. People, you  
14 should listen to your mother. And that includes Zach  
15 back there in the background, my son, and also of  
16 course my family. My family, my husband, who's been  
17 retired from the secret service for, gosh, like  
18 12 years. He's been really the rock that supported  
19 our family while I was off giving all of those  
20 speeches and education presentations and whatnot.  
21 For many years, he's listened to me come home and  
22 stress about the things that go on, you know, at  
23 work. And so, very grateful to my husband for all of  
24 his support for many of these years. And again,  
25 grateful to all of my coworkers, my friends, my

1 family, and of course, all of you, the executives,  
2 Selvi Stanislaus, our executive officer, all of the  
3 governance counsel at FTB, and of course, our  
4 wonderful Board. I've been with many board members  
5 over the years. Like I said, many presentations  
6 here. And just so very grateful for your support  
7 over the years. Thank you very much.

8 MR. EMRAN: Awesome. Thank you so much  
9 before we invite you up to take pictures, I'd like to  
10 get the other resolution into the record, as well.

11 So next, the Board would like to  
12 recognize FTB's EDR2 Business Director, Jennifer  
13 Roussel, with a retirement resolution celebrating her  
14 35 years with the Franchise Tax Board. We would also  
15 like to welcome Jennifer's family that is joining us  
16 here today, her husband John, her mother, Janie, and  
17 her brother, Roger.

18 So whereas Jennifer Russell, who began  
19 her Franchise Tax Board career in 1991 as a tax  
20 program assistant, and concludes it now as the  
21 business director for the EDR2 project, is known for  
22 her strategic leadership, exceptional organization,  
23 attention to detail, excellent communication, and  
24 unwavering dedication.

25 Whereas Jennifer designed and led the

1 implementation of numerous enterprise-wide programs  
2 benefitting California, including the Information  
3 Validation System, Cal File, child support automation  
4 system, the enterprise customer service resolution,  
5 the enterprise tax system, and the California EITC.  
6 She also represented FTB on the California Tax  
7 Education Council Board and oversaw the fraud and  
8 identity theft programs. And most recently and  
9 notably led the effort for the EDR2 project, which we  
10 celebrate the completion of today.

11           Whereas Jennifer made a lasting  
12 impression on the people on a program she worked  
13 with. She's known to be trustworthy, collaborative  
14 teammate who leads by example, as someone who  
15 generally cares about the product she delivers, as an  
16 exceptional listener and communicator, and as someone  
17 who is skilled at identifying and solving business  
18 problems without losing focus. Jennifer wore lot of  
19 hats at FTB. She demonstrated exceptional leadership  
20 integrity, strategic vision, commitment to  
21 excellence, and compassion in each of her  
22 interactions. She began each endeavor with the end  
23 in mind, made sure that no team member was left  
24 behind, and was not afraid to take big risks that  
25 resulted in big rewards. She recognized that there

1 was always value in a job well done.

2           Whereas Jennifer looks forward to  
3 spending more time with her daughter, Alexandria, and  
4 her son, Thomas, in Nevada with her mother, Janie,  
5 and enjoying the outdoors with her husband, John.  
6 She plans to travel, travel, travel, take a few  
7 chances, and maybe play a slot machine or two.

8           And now therefore, let it be resolved  
9 that on this 6th day of April in 2026, by the  
10 Franchise Tax Board, that we recognize and thank you,  
11 Jennifer, on the day of her retirement for her  
12 professional and personal dedication during 35 years  
13 to the State of California, the FTB, and most  
14 importantly, to the people of the State of  
15 California. Congratulations, and we wish you all the  
16 best in Nevada as you embark on this new chapter. So  
17 let's give her an even bigger round of applause,  
18 everybody.

19           So, Jennifer, I ask if you want to  
20 provide any comments.

21           MS. ROUSSEL: I actually have to read it  
22 because I am going to cry, I think. So and people  
23 have bets on my crying timeframe, 30 seconds, a  
24 minute. Maybe I'll win. I bet on no. Okay.

25           Good afternoon, Madame Chair and Members

1 of the Board. As I stand here today, closing out a  
2 chapter that began when I was barely out of high  
3 school, I am filled with gratitude. I'm not going to  
4 do it. When I first joined the Franchise Tax Board,  
5 I didn't see it as the beginning of a lifelong  
6 career. I saw it as a great job to help me through  
7 college, inspired by the examples set by my mom,  
8 Janie Lackey, and my brother, Roger Lackey, who was  
9 also -- both of them were Franchise Tax Board  
10 employees. Roger is still -- who were already part  
11 of the FTB family. What I found, however, was a far  
12 more than a job. I found a community that shaped my  
13 life in ways I could never imagined.

14           Throughout the years, throughout every  
15 role and every challenge, this organization has  
16 surrounded me with support, encouragement, and  
17 genuine care. FTB has been with me through every  
18 major life milestone. I was 18 when I started, so  
19 finishing college, getting married, raising my child,  
20 supporting my parents when they needed me most. That  
21 balance between service to California and honoring  
22 the needs of employees' families is, I believe, FTB's  
23 secret sauce. It's why people stay, and it's why  
24 those that leave come back.

25           I want to express my heartfelt

1 appreciation to Selvi and to our governance counsel  
2 for believing in me and for giving me the opportunity  
3 to finish my career in a role that allowed me -- I'm  
4 not going to do it -- to bring together everything  
5 I've learned in the most meaningful way possible for  
6 California. And I hope I made you proud. And thank  
7 you, as well, to the Board for your continued support  
8 with all of that work. To my colleagues at FTB,  
9 thank you for your patience for entertaining my  
10 ideas, for humoring me and the tools I created to try  
11 to make our work easier. I swear it was to make our  
12 work easier. And for the relationships we've built  
13 along the way. These relationships are what I'm  
14 going to miss the most. To my brother, Roger, thank  
15 you for being the best big brother anyone could ask  
16 for. I wouldn't be here without you. From the  
17 beginning, it may have looked like competition, but  
18 it was admiration and respect. You set that bar  
19 high, and it made me better every single day. To my  
20 children, Allie and Tom, you made me proud. They're  
21 working by the way. That's why they're not here.  
22 You made me proud beyond words. You're  
23 compassionate, driven adults who went to make the  
24 world better. And you found wonderful partners in  
25 Bryson and Isabel to help make those dreams possible.

1 To my mom, you had faith in me as and has always --  
2 oh my god. Sorry. Your faith in me has always been  
3 greater than my own. You and Dad gave me the  
4 confidence to take on any challenge. You taught me  
5 that I could climb any mountain. And you will always  
6 be the wind beneath my wings. And to my husband,  
7 John, thank you. 33 of the 35 years with the State,  
8 he's been by my side, my cheerleader. I needed those  
9 tissues. My cheerleader and success and my anchor in  
10 every storm, as you join me in retirement soon. We  
11 did it. And I love you. And thank you will never be  
12 a big enough. So as I retire, I do so with deep  
13 appreciation for the experiences, the people, and the  
14 purpose that has filled these years. It has been the  
15 honor of my life to serve this organization and the  
16 people of California. Thank you.

17 MR. EMRAN: Wonderful. Awesome, awesome,  
18 awesome moment. So we'll now ask Susan and your  
19 family to come up here and take pictures, then  
20 Jennifer and your family. And then we can do a big  
21 group photo.

22 So Susan, if you want to come on up.

23 (Whereupon, a recess was taken for  
24 photographs.)

25 MR. EMRAN: Thank you all for that

1 awesome and wonderful memory. I'm looking forward to  
2 the day I retire, but they told me I have to come to  
3 work for another 30 years. But one day, one day  
4 everyone. So we're going to go ahead and close this  
5 out with board member comments or questions. Going  
6 to look to our members.

7 Member Lieber?

8 MS. LIEBER: Thank you. Well, definitely  
9 congratulations to all of our staff who have gotten  
10 to this point, and especially with such significant  
11 achievements. It really is an amazing thing. And I  
12 wanted to also recognize the staff that are working  
13 hard on this tax season right now. And I know that  
14 it's ramping up, but it's probably already there at a  
15 fever pitch. And that is so much appreciated, all  
16 that staff does to cope with everything, including  
17 those 53 million pieces of paper that come in. And I  
18 am so honored and pleased to be back serving on the  
19 Board with you, and I have thought a lot about our  
20 excellent executive officer and everything that her  
21 very highly qualified and highly achieving staff do  
22 to support the livelihood and the quality of life  
23 within our State. It is so important. And as we  
24 look forward to our upcoming FTB Board Meetings, I  
25 wanted to bring up a few areas of inquiry that I

1 think would be beneficial to enhancing the  
2 effectiveness of our work.

3           The first area is an examination of the  
4 ways that we can continue to work to increase the  
5 uptake of the family of tax credit programs that were  
6 mentioned earlier, the CalEITC Young Child Tax Credit  
7 and Foster Youth Tax Credit. With the changes that  
8 we've seen occurring at other levels of government,  
9 these tax credits are even more important than ever  
10 before for Californians of modest income.

11           The second area that I'd like to bring up  
12 in the coming months is an examination of tax  
13 collections and revenue yields from FTB tax programs,  
14 the personal income tax and corporate income tax for  
15 small versus large taxpayers, and a visual matrix  
16 that could be shared with the public, I think would  
17 be very helpful and instructive.

18           The third area is an examination of the  
19 audit priorities, as we've talked about earlier, in  
20 the audit assignment in relation to revenues  
21 produced.

22           And lastly, I'd like to bring up the  
23 impact of changing economic conditions on revenues.  
24 And I know that finance does a very excellent job of  
25 projecting going forward. And as has been

1 prioritized by our State Controller, some of the  
2 shifting economic winds, including foreign  
3 environmental reasons, I think would be very  
4 important to look at.

5           And finally, although I didn't vote on  
6 the minutes because I wasn't physically present at  
7 the meeting as a Board Member, I really want to  
8 associate myself with priorities that were  
9 articulated by our State Controller at the  
10 December 8, 2025 FTB Board meeting. And at that  
11 meeting, the Controller is very clear in her request  
12 that she would like to see the FTB explore areas  
13 where tax policy and administrative work intersect  
14 with environmental goals, as well as with poverty  
15 alleviation. And there are so many forces that are  
16 exerting themselves on our constituents in  
17 California, and it has become very difficult to be in  
18 California, and to enjoy quality of life here,  
19 especially for those who are most vulnerable and most  
20 in need, yet are essential workers within our  
21 California economy.

22           Again, I want to recognize the importance  
23 of the work of the FTB. It is a real joy to go out  
24 to my constituents and to tell the FTB story, and how  
25 much people at the FTB really have the highest levels

1 of professionalism and the highest levels of caring  
2 about our state. It is really a magnificent and  
3 very, very well-run organization. So thank you to  
4 our staff who are here today, and all of the staff  
5 that are part of the Agency. And I look forward to  
6 working with the Board in the year ahead. So thank  
7 you so much.

8 MR. EMRAN: Wonderful. Thank you so  
9 much, BOE Chair Member Lieber. Looking forward to  
10 working with you as well, and as you articulate, the  
11 work that's needed for everyday Californians to be  
12 able to afford live here, raise their family, and  
13 really thrive.

14 So I'd like to also just take a minute to  
15 recognize April as earth month here in California.  
16 It's a time to reaffirm California's role as a global  
17 leader in climate action and environmental  
18 stewardship. In this spirit the Controller and I  
19 were particularly pleased on the staff report on  
20 environmental tax preference items. Our tax code is  
21 a powerful lever of change, whether it's through  
22 environmental tax credits or incentives for water  
23 conservation and renewable energy, we must ensure  
24 these tools are effectively reaching taxpayers and  
25 aligning with the State's ambitious goal of achieving

1 100% clean electricity and carbon neutrality. I also  
2 want to acknowledge that April is National Financial  
3 literacy month here in California. This is a vital  
4 time for Californians to strengthen their financial  
5 foundation for mastering basic budgeting and building  
6 credit, to understanding the complexities of taxes  
7 and long-term investing. Our work at the FTB's  
8 directly tied to this mission. Financial literacy is  
9 not just about individual success, it is a tool for  
10 poverty alleviation and economic resilience across  
11 our state. When taxpayers are well informed, they  
12 can better navigate the system, access the credits  
13 they are entitled to, and protect themselves from the  
14 growing threat of tech enabled scams and identity  
15 theft. So throughout this month I encourage everyone  
16 to take advantage of the many resources available,  
17 such as state outreach, the Department of Financial  
18 Protection and Innovation, which is housed right here  
19 at May Lee, is hosting Spring Clean Your Finances  
20 webinars to help consumers protect their digital and  
21 financial lives, community education, local libraries  
22 across California from San Leandro to Los Angeles are  
23 offering workshops on money essentials, debt  
24 management, and financial literacy for teens and  
25 academic insight. Places like Stanford University

1 are convening symposiums this month to advance the  
2 research and policy that will inform the next  
3 generation on financial education. As public  
4 officials, it is our responsibility to ensure that  
5 these tools are accessible to all in every language  
6 by promoting financial literacy. We empower  
7 Californians to make informed decisions that lead to  
8 safer, smarter spending and long-term financial  
9 secure.

10 I'd also like to thank Selvi and her  
11 whole team, again, for the reports we heard today,  
12 months and months in the making. Looking forward to  
13 setting the agenda in partnership with Chair, BOE  
14 Chair Lieber in the future.

15 And last, before we adjourn, I'd also  
16 like to give a big congratulations to the UCLA  
17 Women's Basketball Team on the national championship,  
18 I believe. It's a great, great accomplishment. I  
19 got to watch a lot of the game. And just a really  
20 big shot out to all those women who put in many, many  
21 months of hard work, dedication, sacrifice --  
22 honestly a whole life to come to that and bring the  
23 title back to California. And the West Coast is the  
24 best coast.

25 So with that, everyone, seeing that

1 there's no other business to attend to. Go Bruins.  
2 And I'd like to adjourn this meeting here at 3:40  
3 p.m. We will see you at our next FTB meeting. This  
4 meeting is now adjourned.

5 (Whereupon, the proceedings  
6 concluded at 3:40 p.m.)

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REPORTER'S CERTIFICATE

I, the undersigned, a Certified Shorthand Reporter of the State of California, do hereby certify:

That the foregoing electronically-recorded proceedings were transcribed by me to the best of my ability.

I further certify I am neither financially interested in the action nor a relative or employee of any attorney or party to this action.

IN WITNESS WHEREOF, I hereunto subscribe my name this 20th day of April, 2026.



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Brandon Iorlano  
CA-CER NO. 4221

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