STATE OF CALIFORNIA

FRANCHISE TAX BOARD

FRANCHISE TAX BOARD MEETING

MONDAY, JUNE 22, 2026,

at 10:31 a.m.

MAY LEE STATE OFFICE COMPLEX

651 BANNON STREET

SACRAMENTO, CA 95827

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APPEARANCES:

Malia Cohen - Chair Controller
Sally J. Lieber - Chair, BOE
Michele Perrault - Chief Deputy Director, Policy, DOF
Hasib Emran - Deputy Controller, Taxation
Selvi Stanislaus - Executive Officer
Shane Hofeling - Chief Counsel
Erin Dendorfer - Deputy Chief Counsel
Cristina Rubalcava - Board Liaison
Matt Feaster
Ozra Nayebkhil
Daniel Tahara
Jaclyn Zumaeta
Jame Eiserman
Javone Tavares
Erica Weatherspoon
Wendy Cramer
Michael Banuelos
Abel Escobar
Rosita Mindermann
Christine Grab
Joyce Cheng

Monday, June 22, 2026

10:31 a.m.

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CHAIR COHEN: Good morning, ladies and gentlemen. It is 10:31, exactly on Monday, June 22nd. I want to welcome everyone to the regularly scheduled Franchise Tax Board meeting. This is the scheduled time for the meeting, and I'd appreciate it if the board liaison would please call the role 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?

CHAIR COHEN: Present.

All right. That's awesome. We're all here. Congratulations to all of us. All right. Ladies and gentlemen, if you are physically able, please rise with me. We're going to go and say the pledge of allegiance. Please rise. Put your right hand over your heart and pledge.

(Whereupon, the pledge of

allegiance was recited by those present.)

CHAIR COHEN: All right. Good morning again, ladies and gentlemen. As I mentioned, this is the Franchise Tax Board's meeting. The public has the right to comment on each and every agenda item. If there are any members of the public wishing to speak on an item, I ask that you please come forward right here. And when the item is called, you will have three minutes to address the address this body, the Board. And for today's Board meeting, members of the public who wish to comment via teleconference, I ask that you call 844-767-5651, and then enter the access code -- it's pretty long so get ready. Here is the access code, 4868807. That's access code 4868807. Please be aware that there is a short delay bet the web live stream and the live event. If there are any members of the public wishing to speak on any item, and you're using a translator or a translator service, you will have six minutes to address this body. All speakers will be asked to identify yourself for the record. So now we're going to move on to agenda Item Number 1.

Madame secretary, good morning to you. Could you please call the first agenda item?

MS. RUBALCAVA: Good morning. The first agenda item, members, is the approval of minutes. We have the minutes from the April 6, 2026, Tax Board meeting.

CHAIR COHEN: All right. Thank you very much.

Members, do you have any comments or questions? All right. Seeing none on my right, seeing none on my left. Okay. Is there any member of the public that'd like to comment or speak on this item in person or on the teleconference line? All right. I see no one in the chamber --

THE AT&T OPERATOR: Members --

CHAIR COHEN: Please go ahead, Operator.

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

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

CHAIR COHEN: All right. Thank you very much.

Colleagues, is there a motion for approval of the minutes?

MS. PERRAULT: So moved.

CHAIR COHEN: All right. Motion made by Member Perrault.

Is there a second?

MS. LIEBER: Seconded.

CHAIR COHEN: All right. Thank you so much. I think we could take this with that objection. Same house, same call. All right. Unanimously approved.

All right. Madame secretary, please call the next agenda item, number two.

MS. RUBALCAVA: Next, we have Agenda Item 2. It's the 2026 Filing Season Update presented by Matt Feaster and Ozra Nayebkhil. This is an informational item.

CHAIR COHEN: All right. Thank you very much. We appreciate you. Please come on up to the podium, and the floor is yours. Good morning.

MR. FEASTER: Good morning Chair Controller and Board Members. My name is Matt Feaster. I'm from the Processing Services Bureau in the filing division. And today I'm here with Ozra Nayebkhil from the Business Entity Collection Bureau and the accounts receivable management division. We are excited to share information with you today about our 2026 filing season at Franchise Tax Board.

Unlike in prior years, this year, there were no major catastrophic events that required moving our filing due dates from their normal schedule. This was very helpful for FTB and California taxpayers. Everyone knew what to expect, and could plan accordingly. I'm sure that as Californians, we can all agree that a return to this more familiar schedule was a positive thing.

And FTB planning for a successful filing season involves multiple teams across the enterprise. We know that success during the filing season helps us set the stage for success throughout the rest of the year. We communicate and coordinate across the organization to ensure a smooth filing experience for our stakeholders. We are pleased to report that our extensive coordination and planning resulted in a very successful April 15th. FTB consistently prioritizes customer service during the filing season.

To provide an extra level of service, this year we implemented the following enhancements. Our customer service phone line and live chat service were extended one additional hour until 6:00 p.m., from April 1st through April 15th. Our tax practitioner hotline was also open one additional hour until 6:00 p.m., from March 2nd through March 16th and again on April 1st through the 15th. The service channels were also available on the March 31st holiday for Farmworker Day and Saturday, April 11th, from 8:00 a.m. to 5:00 p.m. And of course, our online self-service options remained available 24 hours a day, seven days a week. Additionally, FTB provides detailed filing instructions, helpful information on its website, and various self-service tools, including MyFTB and online payment options.

And before I discuss this further, I'd just like to level set that all of the statistics and numbers that you will hear in the rest of this presentation are for January through May of this year. Our efforts to help our customers self-serve continue to produce results, with taxpayers visiting our website over 20 million times. They accessed our web pay application 3.2 million times. Our Check Your Refund app had 6.6 million views. And our MyFTB application was accessed 3.7 million times. We are happy to report that all of these numbers were up from the same period last year. We continue to look for ways to encourage using our self-service options and will maintain this as a focus for the 2027 tax filing season.

Next I'd like to cover some return and payment filing highlights. FTB continued to see an increased use of our electronic filing options as taxpayers filed by the April due date. 16.8 million personal income tax returns were filed, 96% of which were filed electronically, a slight increase over last year. In addition to filed tax returns, 12.8 million refunds were issued, 88% by direct deposit. This is up 4% from last year. And nearly 6.2 million personal income tax payments were received. 75% were received electronically, compared to 71% last year.

Next I'll share some of our customer service statistics. So far this year, our customer service contact center has taken over 387,000 calls at a 42% level of access. They have also answered over 93,000 live chats at a 60% level of access. The average wait time for our phone agents was about 14 minutes, while the average wait time to live chat with us was about 16 minutes. We recognize that during the busiest times of the year, on occasion, taxpayers may find it difficult to connect with us and a contact center agent. This happens when customer contacts received far outpaced funded staffing levels. Because FTB has a finite number of budgeted resources dedicated to resolving taxpayer contacts, we continue to enhance other service offerings to allow taxpayers and their representatives to resolve their issue without FTB assistance.

Some of our recent self-services include smart routing of calls and correspondence. The service integrates our phone systems with our case management application to ensure that calls and written correspondence reach the right destination the first time, minimizing the need for transfers. Additionally we have implemented a notice based response service. Many of our notices now include options for taxpayers and their representatives to respond online. These online services reduce processing time by eliminating FTB paper handling processes. Finally, taxpayers can submit a number of applications online, including offer and compromise, innocent joint filer, and applications for tax exempt status. In addition, taxpayers can request information about their accounts, including personal income tax and business entity tax computations, revivor requests, and bulk sales certificates. FTB continues to market these services via tax news articles and in person presentations to groups, such as escrow associations, the California Society of Enrolled Agents, and CalCPA.

In addition to self-service, FTB continues to publish new how to videos to make it easier for taxpayers and their representatives to meet their filing obligations and make payments easier. For example, FTB published how to videos on the following topics last year: How to view your client's estimated payments, how to view personal income tax estimated payments through MyFTB, and how to view business entity estimated tax payments through MyFTB. As you can see, FTB is using a multipoint strategy to try and reduce the number of contacts we received regarding issues which can be resolved through self-service. We will continue to market these services to encourage increased usage by the various stakeholders we serve.

As I mentioned previously, the filing season at FTB is truly a team undertaking. The significant amount of hard work and careful planning helped us to achieve our goal of a smooth filing season. These efforts paid off. And I'd like to share with you some feedback that we received from our customers during the filing season. First is a comment about one of our contact center phone agents. It reads:

"Hi, I just spoke with Tamara Station 1309, and wanted to say that she did awesome and was able to answer my questions in a timely fashion. She was very professional and gave me all the information that I needed! Thank you."

Next is a comment regarding our live chat service. The taxpayer shared the following:

"It was incredibly easy to resolve the notice I received via chat today. I honestly didn't expect it to be that fast and simple to use, but I am pleasantly surprised it was. Thank you!"

I want to turn the presentation to my partner, Ozra Nayebkhil, and she will share information about our public counters, how we have helped those impacted by disasters, and our programs designed to aid California taxpayers.

CHAIR COHEN: Thank you.

MS. NAYEBKHIL: Thank you, Matt.

Good morning, Chair Controller and esteemed Board Members.

CHAIR COHEN: Good morning. Are those all your notes?

MS. NAYEBKHIL: Yes.

CHAIR COHEN: Oh, my god.

MS. NAYEBKHIL: I'm here prepared.

CHAIR COHEN: Definitely prepared. Okay.

MS. NAYEBKHIL: I am honored to be here today to present additional updates to you today. Our public counters are essential to our operations to serving our customers and achieved several noteworthy accomplishments this year. As of April 25th, our public counters have served over 24,000 customers, which is similar to last year's filing season. Our appointment system continues to enhance the customer experience and reduce wait times. We are proud to share that 93% of our public counter customers have provided an approved -- have provided an approval rating of 4.5 star rating out of a total of 5, with frequent positive feedback on the appointment scheduling experience.

We support our public counter goals by investing in our staff and strengthening training and onboarding. This filing season, we continue to have new hires begin onboarding in their work areas before classroom training. This gave them the opportunity to shadow public counter staff and learn operations and workloads early. As a result, they were better prepared to transition to their primary duties after training.

This filing season, FTB also collaborated with other state agencies at Local Assistance Centers, or LAC's, to aid survivors affected by disasters in prior years. We have participated in both LAC's and Disaster Recovery Centers, or DRC's. At these centers, FTB employees offer survivors a range of information such as guidance on claiming disaster losses, acquiring copies of tax returns and forms, or updating their addresses. For the current fiscal year as of April 25th, four FTB members supported 83 survivors at two LAC's. In September, we served survivors from the TCU Complex fire in the Sonora LAC. And in January, we served survivors from the winter storm in the Hesperia LAC. Unlike last year, fewer survivors were impacted.

In addition to the LAC activities, we also assisted at three separate California State Action for Facilitation on Encampments, or SAFE events. The SAFE task force was a new initiative led by Governor Gavin Newsom to address homelessness by clearing encampments on state property, particularly in the state's largest ten cities. The task force brought together various state agencies, including Emergency Management, Health and Human Services, and Public Safety, to coordinate efforts with local governments in providing shelter, social services, and long-term solutions with poor individuals experiencing homelessness. At these SAFE events, the Franchise Tax Board staff assisted with changing mailing addresses, receiving copies of tax returns, and answering personal income tax account questions, and answering general questions about the California Earned Income Tax Credit.

The Franchise Tax Board continued its participation in the Voluntary Income Tax Assistance, or VITA program, which offers free and state federal tax return preparation to taxpayers in their local communities. This year, 1,368 volunteers and site coordinators were trained, along with an additional 107 FTB certified volunteers. 26 of these volunteers were first-time volunteers. The FTB VITA team provides training to both FTB volunteers and non-FTB volunteers. There are several in-person VITA events throughout California facilitated by community partners and local nonprofits. FTB VITA team and the FTB volunteers participated in 17 in-person events. And as of April 16th, FTB VITA volunteers prepared approximately 5,176 federal and state tax returns.

Moving to our next program, CalFile. CalFile is another important application that provides a free filing option for California tax returns. As of April 29th, CalFile has received 65,913 returns. As part of our education outreach efforts, we continue to include marketing in the tax booklets to promote this free tool. We also expanded our advertising through social media. During tax season we highlighted the tool in media interviews and outreach discussions. In addition, we promoted the tool on flyers distributed across college campuses and at food bank locations.

We also have programs benefiting small business owners. Here at the Franchise Tax Board, we understand how important it is to have an informative and effective education outreach program to small business owners. Our education outreach team and our small business liaison have taken this responsibility seriously and have worked tirelessly to interact with and inform small business owners about their filing requirements. This has been accomplished by attending and presenting in person and virtually at small business events throughout the state. Presenting this information clearly has helped countless small business owners understand their income tax filings and to stay current and up to date with them. To date, the small business liaison participated in 22 events and have helped approximately 15,000 attendees in fiscal year 25/26.

As FTB celebrates the completion of another very successful filing season, we are proud to look back at all that we have accomplished, and we have immense gratitude for the opportunity to serve our taxpayers and our customers. The collaborative partnership between the filing and accounts receivable management divisions' contact centers ensures the best service and utmost support to California's taxpayers. We sincerely appreciate our dedicated team members who make this possible, and we look forward to continuing these efforts.

Thank you for allowing us time to present our filing season achievements that benefit California taxpayers and highlight our dedicated employees' efforts. We truly value your ongoing support and are happy to answer any questions.

CHAIR COHEN: All right, great. Thank

you very much. Let's check in with the colleagues.

Any questions on this end?

MS. PERRAULT: Just a comment, actually. I just -- I noticed that the level of access for phone calls versus live chats have sort of flipped in percentage. It's just interesting that I think people are starting to get more comfortable maybe using live chats. Are we kind of continuing to sort of see that trend of more folks using the live chat versus waiting for a live person?

MR. FEASTER: Thank you for the question. It's interesting that you would ask that, because actually, what we're seeing is an increase in live chat and an increase in phone calls. So while live chat numbers are up, our phone call numbers continue to grow, actually, at a pace that even outpaces the number of additional live chats that we're receiving. Which is why you heard me talk in my presentation a lot about our self-service options and the things that we're trying to do to market those, to try to allow folks to take advantage of those things where they can. Because we -- you know, the calls continue to go up, along with the chats. So a great question.

CHAIR COHEN: All right, thank you.

Yes?

MS. LIEBER: Thank you. I had a question on the phone calls and the live chats. What does the -- what does the percentage mean that's level of access?

MR. FEASTER: Sure, great question. So that's basically a math problem that focuses on the number of calls that we receive versus the number of calls that we can actually answer.

MS. LIEBER: Okay. And that's -- we're funded to perform the level of service that's represented here. But say with the phone calls, it's 42% of the overall demand. So where do the other 58% of the folks go? Do they just not get the help?

MR. FEASTER: Sure, great question. It's not that they don't get help. There are times where we do have to, what we call, deflect calls. Which means we're actually not able to even accept them into our queue, because the volumes are just so high that there's just not going to be enough agents to be able to answer those questions. So that allows folks at some points to -- after they've called, they may go to live chat, as well, to try and resolve their case that way. All of the self-services that we offer, some people will move back to our website and try to solve the problem themselves. So there's a number of things that happen there. Other people will, you know, call back at a different time. And that may be part of why there's a number of phone calls that are still increasing. Because people are calling multiple times, you know, if they're not able to wait on hold or they're not able to get through and that type of thing. But we do try to serve all of those folks, but it just may look different than a one-on-one phone call.

MS. LIEBER: Okay. And then is the live chat -- what hours is that available?

MR. FEASTER: I believe that's available from 8:00 a.m. to 5:00 p.m., as I -- let me just check. Yeah, so during the during the peak periods, we did extend that one additional hour until 6:00 p.m. But that is normally available 8:00 a.m. to 5:00 p.m.

MS. LIEBER: Okay. And if we wanted to increase that, it would be a budget ask, to have agents being available, say from 8:00 to 8:00 or something like that.

MR. FEASTER: Yes.

MS. LIEBER: Okay. Thank you.

CHAIR COHEN: All right. A couple questions, similarly and along the same line. If it's duplicated, I apologize.

First, I do want to talk about the phone level of access. As you stated, it's at 42%. So that means about six in ten callers who attempted to reach a live age and couldn't get through. And so those that can't get through, what do they experience? They just get told to call back? They leave their numbers, and you automatically call back? Could you refresh my memory?

MR. FEASTER: Sure, great question. So both things happen; right? There are times where we have to, what we call, deflect phone calls, which would be where they're not able to get through. They would receive a message that says that we're unable to accept their call at this time because of call volumes. The other thing is that the we do have a virtual hold, which is where they can go in and leave their callback information. And we do call those back, you know before the end of that day. So both things are true, as you mentioned.

CHAIR COHEN: Okay. And then what was the level of access in the prior filing season? And I really want to know if we are improving, or is our response rate deteriorating? And then also, the final question is how are we -- what's FTB's goal to increase the rate?

MR. FEASTER: Sure. So to your first question about our level of accesses last year, they were slightly higher last year. Last year during the same period, our level of access on the phones was 47%, and our level of access on the chats was 67%. So they were down a little bit this year. I would point out that during this year, we received during the same period of time last year -- this year we received an additional 261,000 phone calls over last year and an additional 67,000 live chats. So the volumes were significantly higher. Which, when you do the math, it drives down because, you know, if we're funded and staffed similarly -- you know, if those volumes go up significantly, which they did, it's just the function of the math. It just drives that number down a little bit.

CHAIR COHEN: So you're arguing that they decrease, although slight, I think 5%, is due to an increase someplace else?

MR. FEASTER: It's just the additional phone calls. Because of that level of access, it's just a math equation, how many calls could we answer versus how many received. So when 261,000 additional calls come in, even if we take more calls, it still drives that level of access down.

CHAIR COHEN: Okay. And I'm wondering if we're able to correlate -- you know, we did kind of like a marketing campaign. Remember there's a -- what are those things called? Billboards. I can't recall what the content was on the billboard. I think -- I'm not sure if it was for hiring. But either way, the way I see it is, is that talking about and having a visual reminder about the Franchise Tax Board could be at the forefront of people's minds. I'm just wondering if there's a way to do a deep dive on the data and/or even survey folks when they are calling. Their satisfaction, how do they know about this? Is this the first time they've called? Would they use this again? Would they recommend us to a friend and family. Just, I don't know we -- I don't think we've ever done that, a temperature read on the service level that we're providing, particularly as it relates to the chat and the call.

MR. FEASTER: Yeah, we -- that's certainly -- we could certainly take back and do a deep dive into some of those things. I know that we do have some survey options, but I'm not personally super familiar with them. So that would be something that we could take back.

CHAIR COHEN: Maybe next year when you come back and present, I'd love to hear what the survey actually says. Because that -- I want to know what the customers are saying. Now, do we have a vendor that is staffing this or consulting on this particular part of the business?

MR. FEASTER: So --

CHAIR COHEN: Or is it all internally managed?

MR. FEASTER: So the workload management itself is done internally. You know, we are engaging in a in a in a project to modernize our contact center platform, and that will be in conjunction with a vendor. But right now, that's just in its infancy stages of trying to put that all together. So the workload management that we do, you know, to try and mitigate the call volumes and everything is all done internally.

CHAIR COHEN: Okay. Here's a big idea; right? Take it or leave it. It's free.

MR. FEASTER: We're ready.

CHAIR COHEN: Okay. I'm thinking, we have a relationship with Sac State. We have a relationship with USC. I think there's a Sacramento campus here. Maybe getting the graduate students creating a capstone project or a master's thesis level project to begin to do a dive in on the data. Just find out exactly what it's -- what it could tell us, what it's not telling us, what we're missing. Because I'd imagine that the FTB employees are probably pretty stretched thin, but we would be not only be serving the community, but it would also get a real tangible end product that could inform the way we do our business. There's enough work for a semester. There's enough data. I mean, if we were to look even for the last five years or have it go back ten years, but we would be able to see our growth and be able to predict where we could go into the future. Just an idea, we could further scope it out. But I think that that sounds like a really good summer internship program and/or capstone project for graduate level student. FTB is rich with so much information and data that we could get some data mining, some data -- future budding data analysts, and -- or who knows, future state employees -- interested in this project. I'm interested in the information because I think that that will inform the direction that we go in. And it supports us when we go to the legislature asking for BCP's, asking for more funding, saying, "Hey, this is this is what we're doing. This is what our data shows. If you make a sizable investment in our operations, we will be able to reach X number of people faster, more efficiently." So I just want to make sure that we are always bettering our best.

Another question I have has to do with the SAFE program. The SAFE program assisted 57 people experiencing homelessness across the three events that you mentioned. But when we use the term assisted, does that mean that the individuals have filed complete returns or that they're just simply receiving information and referrals? I'm just looking for clarification on how we're defining the term assisted. Thanks.

MS. NAYEBKHIL: Good question. So the services that we provided were similar to what we provide during LAC's and DRC's, and that is being information -- being available to provide information if they have questions about filing returns, or maybe getting a copy of a tax return, or maybe establishing a mailing address. So we're really there to provide information.

CHAIR COHEN: Okay, so -- got it. So assisted in the loose definition of just providing assistance or just helping people put their lives back together.

MS. NAYEBKHIL: Correct. So in terms of the same -- what we do with -- during disasters for LAC's or DRC's is just information -- available to provide information.

CHAIR COHEN: All right. Thank you very much.

MS. NAYEBKHIL: You're welcome.

CHAIR COHEN: Did you have other follow up?

MS. LIEBER: I do.

CHAIR COHEN: Okay.

MS. LIEBER: I was wondering. On the public counters, how many public counters do we have currently?

MS. NAYEBKHIL: Good question. So for our public counters, we are in Oakland, Sacramento, San Diego, Santa Ana, and Los Angeles.

MS. LIEBER: Okay. And I guess this is for our executive officer. Are we anticipating increased funding for the access? Are we going to be making a request at some point for that?

MS. STANISLAUS: At this point, no. I'm looking at finance, but maybe in the future.

MS. LIEBER: Okay. If there are ways that we can help in advocating for that, it sounds like there's a lot of interest on this Board.

And then I had a question about the SAFE program also. I know that when people are -- it's day of being swept. And people are losing their safe place, it's awfully hard to think about the outreach. And people are rushing to save their prescriptions, and their pets, and other things. And so do we have, in terms of the EITC, specific outreach for homelessness service providers? I think that might come under some of the major groups that we have. But is anyone looking at that as a specific focus?

MS. NAYEBKHIL: Good question. So at these SAFE events, we were available to provide questions about the different credits, such as the Earned Income Tax Credit. But in terms of reaching that specific sector of homelessness, we outreach for everyone equally. And we do that have a presentation later on this morning that will provide more information about our education outreach efforts for the EITC credit.

MS. LIEBER: Okay. Thank you.

CHAIR COHEN: Okay. Before we move on, I just want to let Member Perrault talk.

MS. PERRAULT: I just didn't want -- I wasn't sure if you were going to move on, so I didn't want to -- didn't mean to interrupt.

I guess I have a good question, and I guess it's a follow up. So, you know, I think this is good conversation around access rates. And, you know, I understand with volumes overall going up, what it does to the percentage. It makes sense when your resources stay the same. What's your current vacancy rate in your call center?

MR. FEASTER: You know that's a great question. I don't have that number off the top of my head, but we can certainly get that and get back to you.

MS. PERRAULT: Yeah.

MR. FEASTER: I can share that the contact centers have gone to a four-times-a-year hiring model, so that they're constantly trying to replenish those folks who are moving on from those roles. So I know that, you know, as an enterprise, you know, we are doing everything we can to try and mitigate the vacancy rates. But yeah, I don't have the actual number.

MS. PERRAULT: And I get it. Call centers have -- typically have high turnover rates.

They have high vacancy rates. And so, you know, as we talk about this conversation, and I think this is a good sort of interplay between with the comments the Chair made and then the question about resources from my other fellow Board Member. Which is, it may not necessarily be the result of needing more actual resources for positions, because you may -- but it may be a conversation around how do you market for retention and filling what you already have. So I just -- the reason I ask is, my guess was that that was probably your response. We see this across all state agencies that hold call centers. You guys have a fairly large one. But I'm just kind of curious about those sort of those things. So thank you for letting me.

MR. FEASTER: Thank you.

CHAIR COHEN: No problem. I actually just wanted just to acknowledge some other numbers. Just the men and women of the Franchise Tax Board that have been trained to volunteer with the data center -- the VITA center. I think the team has accomplished a tremendous amount. This body is very proud of them. Like you said in the presentation, nearly 17 million personal income tax returns processed. 12 and a half million refunds issued, 88%

of them by direct deposit. I mean, this is just getting better and better. This is really exciting.

I want to also recognize the 107 certified FTB staff and the 1,368 trained volunteers who give their time to VITA centers. This is something that people are doing above and beyond. I had a chance to go to several VITA centers, as I do during the tax season. And first of all, the tacos draw me in. I'm not going to lie, when they have Tacos and Taxes, I'm there. But we have a really good time. And what you see, when you when you talk to the people that are in line, you see a lot of seniors, in particular, that have a lot of questions, that are unsure about technology, and are excited and welcome to help. So I just want to affirm all of the volunteers what they are doing and hopefully will continue to do, because it is -- maybe seems thankless, but we are recognizing and thanking you. The volunteers prepared over 5,000 federal and state returns for people who needed help, and that is just tremendous. Would love to see, of course, more volunteers.

And again, I want to just put a capstone on the two areas that I want to flag, where I believe that the data calls for more of a conversation. It's just our phone level of access came in at 42% this season, which means that there's a significant amount of taxpayers who reached out for help, but didn't get through, or were lost or got discouraged, or called several times. I don't know. But if we could track these people and track the story, it would help us get better. We think of ourselves as athletes. You guys have been watching the World Cup and the soccer? I mean, these are top level athletes that watch the film and the footage, and they're constantly taking this information in, and processing it, and producing it to increase their efficiency. And that's exactly the direction that I think we should be going in.

I also want to talk about our CalFile program. It's a free direct file option. I think that we are part of a small class of states that offer this. I am proud of it. When we travel and we listen to a lot of our counterparts across the state, as well as in Washington, DC, they're commending us for participating in this program. And we're still reaching a very small share of total filers. I want to continue to push to move that. I want to raise -- I raised these two points not to diminish any of the work that we've accomplished, but just so that staff understand that we understand the complexity of the nature of their work and that we are partners in this. And I look forward to the FTB working with the leadership to address both of these opportunities, and so that next year when you present, you're going to be like, "oh, my god. We were at 42%, and now we're at 52%.," so that we just get better and better. And that's a real feel-good moment.

All right. That's it. That's all I have. Let's continue moving forward. I appreciate your presentation and your work. Thank you.

MR. FEASTER: Thank you.

MS. NAYEBKHIL: Thank you.

CHAIR COHEN: All right. So we're going to go on to public comment. There was a lot of information shared. Any member of the public that would like to comment on this in the chamber?

All right. Seeing not one person flinching to come up to the podium. Let's check online.

Operator, anyone online?

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

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

CHAIR COHEN: All right. Thank you so much. We are going to continue to Item Number 3.

Ms. Rubalcava, please call the item.

MS. RUBALCAVA: Agenda Item 3 is the Community Related Tax Preference Items presented by Dan Tahara, Jame Eiserman, and Jackie Zumaeta. This is an informational item.

CHAIR COHEN: All right, informational item. Hello team. All right. Take it away.

MR. TAHARA: Good morning, Chair Controller and esteemed Members of the Board. My name is Daniel Tahara, and I'm the director of the Public Affairs Office in the Administrative Services Division. I'm joined by Jacquelyn Zumaeta from the Legal Division and Jame Eiserman from our Finance and Executive Services Division. Today, we'll be discussing community related tax preference items.

I'll begin with an update on our marketing and outreach efforts aimed at increasing the number of returns claiming the California Earned Income Tax Credit, or CalEITC, Young Child Tax Credit, YCTC, and the Foster Youth Tax Credit, FYTC. These valuable credits provide a financial boost for low-income working individuals and can increase their refund by hundreds or even thousands of dollars, depending on their income and family size.

CalEITC is a refund tax credit that puts money back into the pockets of California's working families and individuals, earning up to $32,900 for the 2025 tax year. The maximum credit for tax year 2025 is $3,576. And this year we received 2.9 million CalEITC returns, the same number of returns that were filed at this time last year. The total dollar amount of payments issued this year increased to 873 million, compared to 849 million last year. And the average CalEITC amount also increased to $302 this year, up from $289 last year.

Now, it's important to note that due to increases of minimum wage, anyone that's making minimum wage and working full-time no longer qualifies for CalEITC as they exceed the income limit. Credit is designed to support economic stability and workforce participation among lower income workers. It was intended to supplement earnings rather than encourage long term dependency, while gradually phasing out as a taxpayer's income increases.

Taxpayers who qualify for CalEITC and had a child under the age of six at the end of the tax year may be eligible for the Young Child Tax Credit, up to $1,189. This year we received 346,000 YCTC returns, compared to 357,000 last year, a decrease of about 11,000 returns. Despite that, the total dollar amount of credits increased to 383 million, up from 382 million last year. And the average YCTC payment increased from $1,068 to $1,104.

Individuals who qualified for CalEITC and were part of the California foster care system may also be eligible for the Foster Youth Tax Credit, up to $1,189. This year, we received 4,500 FYTC returns, down from 5,100 last year, a decrease of about 600 returns. The total dollar amount of credits allowed dropped to 5.1 million this year, compared to 5.6 million last year. However, the average FYTC payment increased from $1,104 to $1,135.

And I'd like to extend a special thank you to Chair Controller Cohen and her staff for their involvement in the development and planning of our marketing and outreach efforts this year. We appreciate their helpful feedback and guidance on where and how we should focus our efforts. In addition to the discussions with Chair Controller Cohen's team, we also coordinated with former FTB Board Member and BOE Chair Ted Gaines' staff and met with interested community partners.

Now, I'm happy to share the marketing and outreach that was implemented based on these discussions. Messaging regarding these three credits was included in two news releases issued in January and April, with another release planned for October to remind taxpayers filing on extension. Information about these credits was also promoted in multiple social media posts and media interviews in both English and Spanish throughout the filing season. We participated in monthly CalEITC grantee meetings to spread CalEITC messaging through trusted organizations. Monthly grantee meetings provide a forum for program updates, administrative announcements, and partner questions. FTB participates by presenting CalEITC updates and responding to filing season and program related questions. Through these partnerships and community based organizations, close to 160,000 posters and flyers were distributed statewide to promote the credit and encourage filing.

We also conducted outreach at college resource fairs to help build trusts with students and provide information regarding tax credits to students who may qualify for income-based assistance programs.

Our Filing Division sent 332,000 outreach letters in mid-February to taxpayers who may be eligible for CalEITC, but did not file a tax return in a recent tax year. The letters informed potentially eligible taxpayers about CalEITC money they can receive and provides them with information on how they can get their tax returns prepared and filed for free, both in person and online. And as of April 30, 2026, FTB has received 60,000 tax returns claiming these valuable credits from taxpayers who received these letters.

From March 13th to April 15, 2026, FTB ran a statewide radio and digital audio campaign in English and Spanish to promote awareness of the tax credits. The campaign used a media mix consisting of radio, digital advertising, streaming, and podcasts to reach several priority populations, including non-English speakers, low-income individuals, parents of young children, former Foster youth, urban rural communities, and people with disabilities. The campaign was designed to reach target audiences across major metropolitan areas throughout California including Los Angeles, San Diego, the Bay Area, as well as statewide coverage. The ad campaign cost a $109,000. A total of 608 radio and digital ads were run during the campaign, 251 in English and 357 in Spanish. The radio ads were played more than 2.3 million times, and the custom campaign web page received 182,000 visits. And the CalEITC calculator was used 50,000 times as a result of the campaign. This year 207,000 returns were received by first-time CalEITC filers. In addition, there were 6,300 first-time YCTC returns and 1,100 first-time FYTC returns filed. We're pleased with the results of our marketing efforts and are excited to build on this outreach next filing season.

Once again, I'd like to extend my heartfelt thanks to the entire Board for their support and guidance throughout this tax season, and we look forward to working with you as we begin planning next year's outreach efforts. Thank you. And now we'll turn it over to Jame Eiserman.

MR. EISERMAN: Good morning, Chair Controller and Board Members. I'm Jame Eiserman, the director of the Economics and Statistical Research Bureau and the Finance and Executive Services Division. I'm going to provide some information on Renter's Credit, Low-Income Housing Tax Credit, and the Farmworker Housing Credit.

The Renter's Credit was designed to

provide support to low-income California taxpayers who pay rent for their principal place of residence. It is a non-refundable credit, and it provides a flat amount of $60 for taxpayers filing single or married and filing a separate return and a $120 for those filing as head of household or married filing jointly. Over $1.8 million -- or sorry. Over 1.8 million taxpayers claimed over $132 million in credit for the 2025 tax year. In future tax years, if appropriated, the credit amount will be increased and will no longer be based on filing status. The new amounts will be $250 for taxpayers without dependence and $500 for taxpayers with dependents.

The Low-Income Housing Credit was established to fund affordable housing projects for residents of California and is administered by the California Tax Credit Allocation Committee, CTCAC. Current federal tax law allows a low-income housing credit for the cost of constructing, rehabilitating, or acquiring low-income housing. Current state tax law generally conforms to federal law, with a few key differences. The State Low-Income Housing Credit is claimed over four taxable years, is limited to projects located in California, rents must be maintained at low-income levels for 30 years, and

CTCAC must have authorized a federal credit to the taxpayer, or the taxpayer must qualify for federal credit.

The Farmworker Housing Credit was established to ensure dedicated funding for farmworker housing projects. This program allocates $500,000 of low-income housing tax credits for farmworker housing projects each year. $231 million in Low-Income Housing Credit was claimed on corporate income tax returns for the 2024 tax year.

We thank you. Now, I would like to turn the presentation over to Jacqueline Zumaeta.

MS. ZUMAETA: Good morning. My name is Jacqueline Zumaeta, and I'm a deputy chief counsel in the Legal Division. Thank you so much for the opportunity to speak with you today. I'll provide a brief high-level review of the deduction that supports charitable giving and three important California tax credits to strengthen our economy and support communities across the state, the California New Employment Credit, the California Competes Tax Credit and the California Film and Television Tax Credit.

Charitable deductions play a critical role in strengthening communities by incentivizing private investment and public good. When taxpayers are able to deduct charitable contributions, they are more likely to give and to give more, directly supporting exempt organizations that deliver essential services across the state. These organizations provide food assistance, housing support, workforce development, education, and disaster relief, often reaching vulnerable populations more quickly and efficiently than government alone. The deduction effectively amplifies the impact of each donated dollar, turning individual generosity into scalable community outcomes. For California, this means stronger safety nets, reduced strain on public resources, and more resilient local economies. Moving on to credits.

First, the California New Employment Credit, or NEC, is focused on job creation in targeted areas. It provides a tax credit to businesses that hire full-time employees in designated geographic regions, often areas with higher unemployment or greater economic need. To claim the credit, businesses apply for a credit reservation through FTB, receive tentative approval, and then claim the credit on their tax return once hiring requirements are met. From a policy perspective, the NEC is designed to expand access to quality jobs in communities that benefit most from new investment. By encouraging hiring in these areas, the credit helps increase household income, support local businesses, and contribute to stronger, more resilient local economies.

Second, the California Competes Tax Credit, or CCTC, is a broader economic development tool. It's designed to attract and retain businesses in California that are considering expanding, relocating or making significant capital improvements and investments. This is a competitive negotiated credit. Businesses applied to the Governor's Office of Business and Economic Development, or GO-Biz, and are evaluated on factors such as job creation, investment size, and overall economic impact. Once approved, businesses claim the credit over time as they meet their agreed upon hiring and investment milestones. The policy goal is to ensure California remains a leading destination for business growth and innovation. The credit supports good paying jobs that pay well, encourages long term investment, and helps maintain a strong diverse economic base across the state.

Finally, the California Film and

Television Tax Credit supports one of California's most recognizable industries. It incentivizes film and television productions to remain in California, rather than relocating to other states or countries. Production companies apply through the California Film Commission, and once approved, they can claim the credit after meeting in-state spending and production requirements. This credit delivers both economic and cultural value. Film and television production generates significant local economic activity, supporting jobs for Crew members, small businesses, and vendors across many sectors.

In closing, while the charitable deduction and each of these credits operate differently, they share a common purpose, investing in California's people, communities, and long term economic strength. Whether by incentivizing charitable giving, expanding job opportunities, encouraging business investment, or supporting the signature industry, these programs deliver meaningful benefits across the state.

Thank you very much for the opportunity to present to your Board today. This concludes our presentation, and we would be happy to answer any questions that you may have.

CHAIR COHEN: Okay. Great. Thank you very much. I do have a question for you, Jame. You could just take it from that table. You can use that mic. What division department did you say you were from? Statistics or something.

MR. EISERMAN: Yes, I'm from economics.

CHAIR COHEN: You said economic what?

MR. EISERMAN: Statistical research.

CHAIR COHEN: And what's your background -- what's your educational background.

MR. EISERMAN: High school education.

CHAIR COHEN: Okay. All right. All right. I was just curious, because I was like, "Where have you been?" I've been asking all these statistical questions, and I now -- now, here you are. Now I know who to continue to direct my questions to. All right. Jame. Noted. Okay.

I have questions, but let me check in with my folks. Ms. Lieber, do you have -- do you want to go ahead and take it?

MS. LIEBER: Sure. My throat is froggy, but it'll probably stay that way.

We had a question on the EITC. The other tax credits look like people are actually claiming pretty close to the maximum amount. And is the very low amount of the average payment just a function of how many people are in the home?

MR. TAHARA: Thank you for that question. So it appears that a number of people were at the upper threshold of qualifying for the credit. And then, as the minimum wage increased and the economy improved, they no longer qualify. So what we're seeing is that even though there's a fewer number of returns being filed, the average payment has increased, because as newer individuals are qualifying, they're getting more money because they're new entrants into the qualifications.

MS. LIEBER: So I don't -- I'm not sure that I understand your answer. But when the maximum credit for the EITC is $3,500 in, and the average amount that folks are getting is $300. And as their income goes up, the amount that they would get goes down?

MR. TAHARA: That's correct, yes. So to get the maximum credit amount, you have to have the lowest amount of income available and also a high number of dependents or children. So that's how you get the maximum $3,576. So if you are in the middle range, maybe you only have one dependent, you're not getting the full amount.

MS. LIEBER: Okay. And if someone is currently a non-filer, because they make a low amount of money that's under that threshold, how much would they be likely to get for a single individual?

MR. TAHARA: So we actually have a calculator that these -- we actually direct these individuals to go to our website and actually enter in their income and number of dependents. So that way it gives them a calculation of how much they could receive and that way it could help them make the determination on whether they'd want to actually file a return, if they don't have a requirement to.

MS. LIEBER: Okay. And it strikes me that for non-filers, $300 isn't a lot to motivate someone to enter the system and make their way through the system. And that's just an observation.

Now, who is the lead evangelist for the tax credits on staff? Is it spread out in a department? Or, I notice all the outreach, in terms of radio and culturally specific media and et cetera, who is the point person?

MR. TAHARA: So the main area is my team, the public affairs staff. We coordinate most of the efforts throughout the department. Well, we do work with the entire department in our coordination. My team is the point contact for the Franchise Tax Board.

MS. LIEBER: And so is your department also the one that meets with the service providers in the quarterly meetings or however often those meetings happen.

MR. TAHARA: Yes, that's correct. My team does attend the monthly meetings with the grantee partners and community organizations, so that we can share information on any questions that they're seeing within the communities or trends that they might be identifying on something that maybe we can change our marketing efforts to help address.

MS. LIEBER: Okay, super. Thank you.

CHAIR COHEN: All right. Ms. Perrault, nothing? Okay, good. Now it's my turn. All right.

So I'm listening to this presentation, and preparing and going over the memos. You know what? I was thinking about that time when I was in high school, I would get like 98% on a test. And I'd be like, "Mom, Dad, 98%." And they're like, "That's good. But what happened to that 2%?" And they would just drill me on the 2% or the one or two questions that I missed. And as a kid, I was like, "Oh, they're so ungrateful, these parents. They don't even know how much I studied to get here." But as an adult, I recognize that we have to focus on that 2%, because that is -- highlights where we are weakest. And so I have some questions, and I'm going to be zeroing on some areas that I think that we need to work on. So again, this is a professional high level conversation that we're having. We're not picking on anyone. But one of the main things that I want to be really direct about is that the data in front of us shows that the CalEITC participation is flat. Now, you guys push back when saying that there's -- what did you guys say? You said that there's more higher wages, which is why tax credits are flat. And I think that I'm going to push back with a different theory. And so just by way, I got a master's degree from Carnegie Mellon in a highly quantitative focused master's program, where we did nothing but data analysis. So when I am just looking at this, the YCYT participation, it's down by more than 11,000 families. And then I also noticed that the Foster Youth Tax Credit is also one of the most -- foster youth kids are one of the most vulnerable groups that this program, that this tax credit was designed to reach, and it's down 12% in a single year. And so for me, that is very concerning, considering the amount of money that we spent on our outreach program, that is. I'm questioning the rate of return on our investment, right, as anybody would when they're looking at the books. And one thing I do want to note is that the payments are going up, which is a good thing. But not only because -- but only because I believe that the same people are claiming just higher or slightly higher tax credits. Does that make sense? So that we are not reaching new people per se, but we've got the same pool of people that know about these tax credits. They're like, "Oh, you guys gave me another tax credit. I'll claim -- I qualify for that one too." And if my assumptions are wrong, please definitely push back and let me know. But so, what I'm seeing is that we got the same people are claiming slightly higher tax credits. And my question is, are we reaching new eligible families? And I suspect that you don't have the answer; right? Because we're not really tracking this; right? Or are you tracking?

MR. TAHARA: So the only stats that we have were the brand new first-time filers this year, which we had 207,000 first time --

CHAIR COHEN: Oh, that's good.

MR. TAHARA: -- CalEITC filers this year.

CHAIR COHEN: 207,000?

MR. TAHARA: 207,000, yes. There were 6,300 for the young child tax credit and 1,100 for the foster youth tax credit. Those are all first-time, brand new returns that came in this year.

CHAIR COHEN: Okay. That's good to hear. I appreciate you highlighting that number again, because I just want to acknowledge that the genuine effort that goes into this work. And some -- you know, I think it's sexy and glamorous, but other people may not be thinking it's sexy and glamorous. But the outreach letters are counting, and it sounds like the radio campaign, the efforts to be reaching tax filers in multiple languages, are also bringing and yielding some fruit. And of course, our community partnership, all that work matters. But I want to not lose sight about the effort and the outcomes. The effort is not the same thing as the outcome. And our goal is to always increase our outcome. And, as you know, what doesn't get used gets taken back. And the legislature will look at these numbers and say, "This is very good, but." And trust me when I tell you that they are looking to scramble to take back any budget that is not being used; am I right?

MS. LIEBER: It's not nailed down.

CHAIR COHEN: Yeah, exactly. So we don't want to give our money back to them. So we need to spend it. We need to spend it wisely. But we need to make sure that we're documenting our efforts and that we are our increasing the rate of return on the investment that the legislature is making in us, so that our outcomes are demonstrative of our Board goals. And I'm going to ask that the Franchise Tax Board come back to this body in the next meeting with a specific analysis of the take up gap for each of these three tax credits. Again, it's the Earned Income Tax Credit, it's the Foster Youth Tax Credit, and then also the YCTC tax credit, as well. Speak just candidly. I just want a candid assessment as to why the participation is somewhat declining and I want to know what a plan that you guys could come up with to reverse it. So I think -- yes, Michelle Perrault has a question -- a comment.

MS. PERRAULT: Can I just add on to the Chair's kind of request? As you think about what some of those data points could contain that I think could be helpful for us, I think on the Cal -- or I'm sorry -- on the foster youth specifically, I think it would be nice. I mean foster -- part of the issue with foster youth is that the audience in which is impacted fluctuates by numbers every year. So I think it's hard for us to just look at a number that has gone down, even though we're seeing more new users taking advantage of it, to understand really is it going down? Or is our pool of qualified individuals who can even utilize it also shrinking? I think you have to have a sense of all of those data points, because otherwise it only gives us part of the story; right? Because if there are less foster youth who are actually able to utilize that credit, it might help us understand why we're seeing -- we are seeing new folks come in. But if we have -- there's, you know, coming out of it at a greater rate, it's going to -- that's going to impact that that decrease. So that would -- that was my one. That's one.

And then I think the other thing on the CalEITC conversation, you know, I think you noted -- and it was brought up again here at the dais around the minimum wage increase impact. So I think the conversation -- you know, the data is good. But the next logical question then becomes, is the level -- is the maximum income level still the correct maximum income level; right? So if -- and I don't know if you -- I can't remember if you said this. But when we increased minimum wage, did we subsequently increase that maximum income level, or did it remain the same as what it was before, which was what I thought. So that is a policy question. But it is a policy question that should be discussed, because again, if we're seeing more new individuals taking advantage of it, but the level of individuals who are falling off because they're hitting the max due to the minimum wage, then really the question becomes, does that maximum need to be addressed? Yeah. Yeah. And again, that's a policy question, but I think it is a -- you know, as you think about the data points, that would be the next logical conversation to be having around that, if we're trying to increase and make sure we're not -- you know, part of the reason we increase minimum wage is because we -- it's an indication of goods and living -- cost of living. Everything has gone up. And so it doesn't necessarily now mean that those individuals shouldn't still be getting a helping hand with this tax credit, as well. They're still in that vulnerable space of income, I would think.

CHAIR COHEN: Absolutely.

MS. PERRAULT: So anyway. Just a

thought.

CHAIR COHEN: The bar is moved up higher, yeah.

MS. PERRAULT: Exactly. But only one of the bars. That's kind of the issue there.

CHAIR COHEN: Which is why I think it's important for us to continue. If we collect all of this data and we are able to make a more compelling argument when we make these policy decisions.

Go ahead.

MS. LIEBER: I just had a follow up question. When the item comes back, will you be able to have the 2026 increase in numbers available to you? I think you mentioned that there was an increase in the last -- the current filing season.

MR. TAHARA: Correct, yes.

CHAIR COHEN: I think it was 207.

MR. TAHARA: We'll just have an update on the filing numbers for this year. Because these stats were as of the end of April, so we'll have a few months more of additional data.

MS. LIEBER: Okay.

MR. TAHARA: So the statistics could change. The numbers could be higher when we come back in September.

MS. LIEBER: Okay, great.

CHAIR COHEN: Ms. Lieber, we will work with them. I understand your question and what you're looking for. We will work to make sure that the presentation is worthwhile.

MS. LIEBER: Thank you.

CHAIR COHEN: My pleasure. One more thing. The $109,000 ad campaign and the 332,000 outreach letters generated 60,000 new returns, which is an 18% response rate. I think the Board should ask what shares -- what share of those responses were genuinely new claimants versus taxpayers who have filed previously and were taking credit -- taking advantage of the new filing. That is the question that I wanted to make sure that we get on the record. I know you don't have the answer today, but we'll come back when we convene again, and have an answer for the public, and move forward on that. Okay. Are we in agreement?

MR. TAHARA: I agree, yes. Thank you.

CHAIR COHEN: And if everyone was just in agreement with me like that. Thank you. Okay. All right. Let's go ahead.

We're going to take public comment. Good job. Good job Dan. We're going to take public comment. Anyone in here? Anyone? Anyone? Anyone? No one. Got it. Okay.

Operator, is there anyone online that'd like to comment on this issue, Item Number 3.

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

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

CHAIR COHEN: All right. Thank you very much. You guys are dismissed.

And next up we're going to have Agenda Item Number 4. Ms. Rubalcava, could you call the role -- or call the item.

MS. RUBALCAVA: Yes. Agenda Item 4 is a presentation on Collections Overview, and that is being presented by Javone Tavares and Erica Weatherspoon. This is also an informational item.

CHAIR COHEN: All right. Thank you.

Don't you fret I have questions for you, too. I don't want you to think I'm favoring speakers. Whenever you're ready, the floor if yours.

MR. TAVARES: Good morning, Chair Controller and Members of the Board. My name is

Javone Tavares, and I'm a director in the Accounts Receivable Management Division, also known as the ARM Division. And I'm joined by Erica Weatherspoon, director in the ARM Division. We are honored and privileged to be with you today to discuss the ARM Division's role within the Franchise Tax Board. Over the next few minutes, we will provide an overview of how accounts enter the collection cycle, the types of debts we collect, and the strategies and principles that guide our collection efforts. We will also share how we communicate with taxpayers and walk through the key stages of our collection processes. And finally, this presentation will include details about our training program and available resources for staff, collection metrics, services available to assist taxpayers and meet tax obligations, and opportunities for process improvements based on feedback.

The ARM Division plays a critical role in supporting the FTB's mission to accurately and fairly administer California tax laws. Our mission as a division is to help taxpayers file timely, accurately, and pay the correct amount. We accomplish this through automated and manual processes to maximize effectiveness and minimize costs to the state of California. We will expand on the differences between automated and manual collection processes in a forthcoming slide.

For California taxpayers, there are two pathways to meet their tax obligation. The blue path, where timely, accurate filing and payment occur, and the red path, where timely, accurate filing and payment have not occurred. Red path accounts result in delinquent liabilities being referred to the ARM Division for resolution. Delinquent liabilities flow from self-assessed tax, from tax returns, and non-filer assessments from our filing division, and notices of proposed assessment from our Audit Division. We will share how non-tax debts are referred to FTB in a forthcoming slide.

The ARM Division manages and collects delinquent personal income tax and business entity tax for corporations, partnerships, and limited liability companies. As mentioned in a prior slide, we also collect non-tax debts for certain state and local governments. Our current non-tax debt collection programs are for California's courts, delinquent vehicle registration, restitution. And penalties for the CalSavers program. Our collection approach is founded on the principle that we use the least intrusive action first to gain compliance. Our strategy is to educate and encourage taxpayers to resolve their debts as quickly as possible through the method that best suits them and their situation, to help them achieve long-term compliance. As part of taxpayer due process, FTB must notify taxpayers before collecting personal income tax debts. Automated collections begin with an income tax due notice, followed by a final notice before levy after 30 days, if unpaid. And collection actions like liens and wage garnishments may then start. For business entities, a past due notice is sent first, followed by a formal demand notice, and a final notice before levy if still unpaid, prompting collection measures. Entities may be suspended from operations after the final notice before suspension and cannot conduct business until revived. Delinquent non-tax debtors receive notices before their cases actually reach FTB. After referral, FTB issues a demand for payment. If unpaid after 30 days, involuntary collections may follow. If automated collections fail, cases move to manual collections, where collectors manage accounts, contact taxpayers, and may use advanced collection measures. We also provide specialized collection support services for bankruptcies, offering compromise, innocent spouses, decedents, business transfers, frivolous activity for non-filers, business entity revivers, and administrative dissolutions.

Now we like to share how we prepare our staff to deliver service. New collectors go through 9 week -- 9 weeks of trainings, covering technical collection topics, customer service, negotiation, and conflict resolution. Training consists of instructor-led Sessions, computer-based training, or CBT's, scenario-based learning, mentoring, and recurring knowledge checks. Each business area provides onboarding, frequent supervisor and lead meetings, individual check-ins, and continual on the job support to uphold expectations and processes. All staff complete an annual customer service certification CVT, which is currently being updated to reflect new service models and online tools. These efforts help collectors provide accurate consistent and empathetic service, improving compliance and customer experience.

Now, I will turn the presentation over to Erica to share some collection metrics, review our collection services, and highlight recent improvements.

CHAIR COHEN: Thank you.

MS. WEATHERSPOON: Good morning, Chair Controller and Members of the Board. I'd like to share a few key collection metrics for personal income tax, or PIT. These figures use 2025 collection balances and 2023 return data, which is our most complete dataset after the 2024 system conversion, as part of the EDR2 project.

In 2025, about 1.7 million cases entered collections. 1.2 million cases are in the informed state, where we mail notices to the taxpayer to ensure due process. 400,000 are in automated collections, and 100,000 are in manual collections. Of those cases, 97,000, about 8% claimed the California Earned Income Tax Credit, or CalEITC, Young Child Tax Credit, or Foster Youth Tax Credit. These represent .28% of all tax -- all state -- I'm sorry -- all statewide returns that claim those credits. When personal income taxpayers qualify for refundable credit, some still do owe due to withholding prior debts or other factors. Additionally refundable credit amounts from CalEITC, Young Child Tax Credit, or Foster Youth Tax Credit, are not eligible to offset debts owed to California agencies, cities, counties, and colleges through the Interagency Intercept Collection program, or IIC, except for child support payments.

Let's look at open cases by AGI. For AGI under 25,000, this is 16% of cases, with an average balance of about $2,700. For 25 to 50,000, this is 21% of cases, with an average balance of about $2,300. 50 to a 100,000 is 29% of cases, with an average balance of $3,000. And over $100,000 is 34% of cases, with an average balance of about $11,000.

The smallest AGI group shows a relatively high average balance when compared to other AGI groupings. Contributing factors include individual filing circumstances, such as filing status and withholding. Collection balances also span multiple years. So we're seeing a cumulative balance. Filing enforcement assessments also contribute. In this case, 27% of balances stem from assessments when no return was filed. Without a filed return, credits cannot reduce the tax liability. And with the lower AGI, there can be a limited ability to pay, which can extend collection timelines. To support PIT taxpayers, we lead with education, explaining how balances occur, how they can be resolved, and how to avoid future balances. We also offer tailored options, like installment agreements and the ability to skip a payment due to hardship for existing installment agreements when appropriate.

So now, we'll shift over to business entity tax collection or BE. BE taxpayers differ significantly from PIT. So we're focusing on a few high level metrics to give a clear overview. These figures use 2026 collection balances and state net income from tax year 2023. Currently we have 652,000 accounts in BE collections. 441,000 cases are in the informed state, 30,000 are in automated collections, and 181,000 are in manual collections. Income level doesn't indicate the business size, but most accounts fall within the 0 to $10,000 range, with smaller portions in the 10 to $100,000 range, and about 13% above $100,000. When looking at open collection cases by balance, 80% have balances of $2,500 or less, averaging about $700. 9% are between $2,500 and $5,000, averaging about $3,500. 4% fall between 5 and $10,000, averaging about $7,000. And 7% exceed $10,000 with an average of about a $103,000. Most businesses have low balances in the system, primarily because many are passed through entities owing only minimum or the annual tax. Suspension and filing enforcement processes also affect these figures. We recognize that many businesses are not in a strong financial standing. When they reach us staff assist them in resolving liabilities to provide education to support long-term compliance. In addition to our phone, chat, and in-person services, our online tools, including online reviver, administrative dissolution applications, and MyFTB self-service options offer convenient ways for businesses to resolve collection issues.

I'd like to expand on options available to assist taxpayers. We offer four options to help taxpayers resolve debts. Phone, live chat, and in-person assistance, all available Monday through Friday from 8 to 5. And we have 24/7 self-service tools. For phone and IVR support, taxpayers can use virtual hold to get a call back without waiting on the line. Live chat offers two paths, general chat for quick questions, and MyFTB for secure account-specific help. For in-person assistance, our field offices in Sacramento, Oakland, Los Angeles, Santa Ana, and San Diego, provide face-to-face support with appointments available online. Our 24/7 self-service tools allow taxpayers to resolve many issues any time. With multiple channels and around the clock tools, taxpayers can get help when and how it works best for them.

In closing, we would like to highlight enhancements to our collection services. The Contact Center Platform Modernization project will replace FTB's current platform, which retires in December 2028, with the new system scheduled to launch in September 2028. The update will offer smart routing, improved support for complex cases, increased automation, and enhanced reporting, resulting in greater efficiency for callers and agents. Second are self-service enhancements. EDemand, the service that allows real estate professionals to request lien payoff amounts has auto routing, automatic case creation for lien program staff, and the ability to upload authorization forms. The IVR now includes speech recognition for tax -- and text confirmations for installment agreements. MyFTB now lets taxpayers view lien details, manage withholding orders, request bill delays, and submit tax computations online. Finally, for collection program efforts within the ARM Division, we're using taxpayer feedback from phone calls, self-service tools, and online appointments to improve services. We've increased cross-training to strengthen operational resiliency, and we're refreshing the publicly available collection procedures manual to keep guidance current. Together these updates make it easier for taxpayers to resolve their obligations and help our teams provide more effective service.

This concludes our presentation this morning, and we hope this information shared has provided a clear, comprehensive, and informative overview of our collection program. At this time, we would be pleased to address any questions you may have. Thank you.

CHAIR COHEN: Great, thank you. Now, this is an item that was brought to us by Member Lieber. So I'm going to pivot to you and let you take it away.

MS. LIEBER: Thank you, Madame Chair. And I think it was really kind of covers here, our interest in this very large part of what we're doing as an agency. And thank you to our executive officer as well for her work on this, and staff also.

I want -- my first question is penalties for CalSavers. Can you share some information about how that situation comes about?

MR. TAVARES: Yes, certainly. Thank you for the question. So for CalSavers, they receive some initial notices, and so once those notices are received, then they will come to FTB, if they don't respond to those notices for CalSavers. So at that time, there are some penalties that are associated for not responding. But ultimately, in our partnership with CalSavers, one of the things that they shared is they're not really interested in the penalties. They're really more or less interested in getting folks to sign up for the for the program. So we do see the back end of that piece where it comes to the notices that FTB has sent out, in addition to the notices that went out from CalSavers at first.

MS. LIEBER: Okay. And just for people in the community who may be watching, can you give us a real brief synopsis of CalSavers and how people get in trouble with it?

MR. TAVARES: Yeah. So --

MS. LIEBER: It sounds like a good thing, and yet.

MR. TAVARES: Absolutely. So for CalSavers, initially meant for employers that currently don't have any sort of retirement. I think that initiative was to allow for those businesses to be able to provide some sort of retirement options. And so what happens is with the CalSavers program, they will send out notices to the business community.

And so when they do that, it was really done based on how many employees that each business had. So there had been a bunch of notices that have gone out saying, "Hey, this is a good thing for you to have an opportunity to sign up for." And so it does mention that there could be some penalties for not signing up or opting out of that program. So for the tax community out there, it's probably best to be able to respond to those notices before they actually get to Franchise Tax Board, and that's when the penalties could potentially happen.

MS. LIEBER: Okay, thank you. And then on slide seven, there are 97,000 CalEITC recipients that are part of the collection sphere. And I think there was one of the programs named -- I don't know if it was CalEITC, Young Child Tax Credit, or Foster Youth Tax Credit, that can't be seized as part of the collection action, if I was understanding that correctly. Or can the FTB take any of those tax credits to satisfy a tax debt?

MS. WEATHERSPOON: So those programs for the -- for those 97,000 what happens there is, they cannot be they cannot be offset by the programs for IIC. However, like the IRS, we satisfy our outstanding debts before we issue refunds.

MS. LIEBER: Okay. So someone could be signing up for EITC, or Foster Youth, or Young Child. And so would that -- would they simply not get the tax credit, or the tax credit would be used to satisfy the debt?

MS. WEATHERSPOON: So your entire refund, including that refundable credit, could be used as part of the amount to reduce your tax liability. So if you have a -- if you get a refundable credit and you have a tax liability, that refundable credit is used to reduce your tax liability.

MS. LIEBER: Okay.

MS. WEATHERSPOON: Just for us. But we are not offsetting that for any of the programs that we have in partnership with any of our partners.

MS. LIEBER: Okay. And then on slide eight, the business entity tax collection data, balance ranges 2500 or less are 80% of the total pool of what's owed?

MS. WEATHERSPOON: Which slide was that? I'm sorry.

MS. LIEBER: Slide eight.

MS. WEATHERSPOON: Okay. So that's -- yeah. So that's for the -- that's usually for the business entities that are the pass-through entities.

So they usually only owe like the annual or the minimum tax, which is like \$800 a year. And so they end up only owing a very small amount in our systems.

MS. LIEBER: Okay. So it looks like there's a large number of folks who maybe are not paying that minimum corporate tax, and that's why that's such a large number. And so do they -- if they are not paying that and maybe they try to start a business with high hopes and not a lot of experience, and are we putting force majore onto getting that that average collection balance of \$700 or what happened there?

MS. WEATHERSPOON: Well, what we can say is that we don't necessarily have specific metrics on that. But what we can say is that most of our revenue and case resolution happens within those earlier states of collection. So 80%, usually we collect in those earlier states, in the automated state. So we can usually resolve most of those cases very early before they get to the manual collection stage.

MS. LIEBER: Okay. Okay. I think that's all my questions for now. Thank you.

CHAIR COHEN: All right. Thank you. Okay. I have three questions, but they're pretty intense. We don't have a lot of time, so I might have to modify my questions to you. Okay. So okay.

So there's 97,000 EITC claimants that are in the personal income tax collection pipeline. And that -- meaning that these are low-income working families who receive a refundable credit, and they're simultaneously being pursued for other tax debts; okay? And my question is, does the Franchise Tax Board have a policy on offsetting EITC refunds against delinquent balances? Now this is an age old -- I should be looking over here. This is an age old kind of dilemma; right? We are giving money, but they also owe someplace else. So my question is, how does that discrepancy interact with the stated goal of supporting low-income Californians through the tax credit; okay? So we're giving them money. They're qualifying for the tax credit. They received it, but say they owe something. Another -- they're delinquent on some other tax bill. How do -- how are we reconciling that?

MS. WEATHERSPOON: The tax bill with Franchise Tax Board or a bill somewhere else.

CHAIR COHEN: Okay. Sorry. So in the State Controller's Office, we have people who owe child support.

MS. WEATHERSPOON: Right.

CHAIR COHEN: We have people who owe back taxes. We have people who owe --

MS. WEATHERSPOON: Right.

CHAIR COHEN: What is it when you're divorced and you give -- thank you. Alimony. So that's what I mean. Or maybe they didn't pay their taxes in full last year. So that is what I'm trying to say. How do they reconcile?

MS. WEATHERSPOON: So outside of outstanding balances with their taxes at the Franchise Tax Board, the only thing -- the only other thing that would offset that balance is child support.

CHAIR COHEN: Okay.

MS. WEATHERSPOON: Yeah, that's it.

CHAIR COHEN: I didn't know that. That's good to know.

MS. WEATHERSPOON: Yeah.

CHAIR COHEN: In the presentation -- in the presentation notes, you noted that 80% of the business entity tax, the BET, accounts in collections have balances of $2,500 or less and an average balance of $700. Here's the question: What does it actually cost Franchise Tax Board per account to process a business entity account through the fully automated collections cycle?

MS. WEATHERSPOON: So for 24/25, our CBR -- well, I'll give you the cost.

CHAIR COHEN: Okay.

MS. WEATHERSPOON: For 24/25, for BE, our cost was about $67 million. However our CBR for 24/25 --

CHAIR COHEN: What does CBR stand for?

MS. WEATHERSPOON: CBR, cost benefit ratio.

CHAIR COHEN: Okay.

MS. WEATHERSPOON: Was about $20.51, meaning that for every dollar we spent, we brought in $20.51.

CHAIR COHEN: Okay. That's not bad.

MS. WEATHERSPOON: Yeah.

CHAIR COHEN: It's not bad. Okay. Thank you. So you answered my question. I wanted to know if it was a net negative for the state.

MS. WEATHERSPOON: No.

CHAIR COHEN: But it sounds like it's a no.

MS. WEATHERSPOON: We actually make money for every dollar that we spend.

CHAIR COHEN: That's good to know.

MS. WEATHERSPOON: Yeah.

CHAIR COHEN: Thank you. Did anyone else know that in here? They're like, "Yeah, we know." Okay. Show offs. I see you in the back. Okay.

Third question. The presentation doesn't include any data on taxpayer hardship requests. So I'm thinking about the payment plan utilization or the OIC, which is the offer in compromise approval rating -- rates. Can you guys give me some context around this? Can you describe the volume or the outcomes of this relief mechanism?

MR. TAVARES: You want to, or --

MS. WEATHERSPOON: We can come back.

MR. TAVARES: Yeah. It'd probably be best if we got you some additional information.

CHAIR COHEN: Okay.

MR. TAVARES: Just contextually, as Erica mentioned, we really try to lead with education and outreach. So for those individuals that may be experiencing a hardship, we really want to help them understand what their options are. And then our goal, again, is long-term compliance. So we really want to focus on the education piece, because as much as we like helping them out, we don't necessarily want to see them again in collections.

CHAIR COHEN: Okay. I got it. Do you see the same people in collections over and over again? Or is it -- is there an attrition rate? Like once people get out of collections, then there's a new bunch of people? Just generally speaking.

MR. TAVARES: I think generally speaking, again, we don't necessarily have metrics on that.

CHAIR COHEN: Okay.

MR. TAVARES: But we do have information for individuals that have multiple tax years that they owe for. So that could be an indicator that perhaps things haven't gone right for more than a couple years?

CHAIR COHEN: Okay. Here's another question. This relates more, I guess, to business and I guess so in some way personal. Can -- say there's a Californian that is delinquent in our state, but they're also delinquent in Nevada or other states, are we tracking that?

MR. TAVARES: So -- a great question. So we do have a reciprocal collections program -- really not collections. It's a reciprocal offset program. We have a couple agreements with the State of New Jersey, the State of New York, as well as the State of Connecticut. So if you have someone that lives in California that now moves to Connecticut, they will not get a refund in Connecticut. Connecticut will send their refund to offset the California debt and vice versa for those other states, as well. So we've been looking to expand that program for a while, but some states don't have the necessary legislative authority to participate in that. So we really want to expand that program with as many states as possible, because there's a benefit to our state and those states as well.

CHAIR COHEN: Perhaps that's something we could reach out to our congressional delegation and have them begin to look at or be a champion. That would be very helpful for not only California filers, but also across the entire state. All right. Thank you very much.

I'm going to move on to public comment. Anyone in this chamber would like to take public comment? All right.

Operator, is there anyone online that'd like to comment on this item.

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

And you have a comment from Christine Grab, an individual taxpayer. Please go ahead.

MS. GRAB: I want to remind FTB staff that unsigned documents have no legal validity. FTB standard operating procedure is to issue notices, wage garnishments, liens, and levies that are unsigned and therefore fraudulent. If a collection agent tries to take money from people based on these fraudulent notices, you can be personally prosecuted by the federal government for RICO. As was determined in the Nuremburg trials, "I was just doing my job" is not a valid legal defense. The reason the notices are unsigned is because the attorneys in the legal department know they are violating our federal constitutional rights, which guarantee a jury trial before collection instruments can be imposed. They know whoever signs the document can be prosecuted for RICO. I request that FTB immediately make it a policy that all documents issued by FTB be signed by someone in the legal department. No more framing people in other departments for crimes perpetrated by the attorneys. I also request that FTB immediately alter it procedures to include trials prior to the imposition of collection instruments. Thank you.

CHAIR COHEN: Thank you, Ms. Grab.

Are there any other members of the public that'd like to speak, Mr. Operator?

THE AT&T OPERATOR: No members of the public are queueing up at this time. Please continue.

CHAIR COHEN: All right. Thank you very much. Thank you for the presentation.

Yes?

MS. LIEBER: Just a quick question. When we get the information back, as the Chair indicated, I'd love to see more unpacking of that lowest amount or the average collection balance is $700. And I think it's very laudable in terms of our responsibility to taxpayers overall to be getting $20 on a dollar of collections activity. But how much is our work destabilizing people who are just barely above indigent and doing the dog paddle as hard as they can to keep going? And I'd love to know back from staff if it would take a change the revenue tax code to have Young Child Tax Credit flow through regardless. Because that money is for the child, and it shouldn't be held up by whatever the parents' complications are. So I'd love to know at a later date how we can change that and if it is a code change. Thank you.

CHAIR COHEN: Noted. Thank you.

Thank you for your presentation.

I'd like to call Item 6. Thank you.

MS. RUBALCAVA: Agenda Item 6 is Administrative Matters. First, we'll have Michael Banuelos presenting the contracts over 2 million for Board approval, and then Abel Escobar and Rosita Mindermann will present the Conceptual 2027/28 Budget Change Proposals, which is an informational item.

MR. BANUELOS: Good afternoon, Chair Controller and Board Members. My name is Michael Banuelos, and I'm the director of the Franchise Tax Board's Procurement Bureau. I'm here today to present two proposed procurements that result in contracts over $2 million for the Board's approval. I sense we're running a little bit short of time, so I will try and be succinct.

The first request seeks approval to initiate procurement activities to renew a software maintenance contract for software AG products in use on our mainframe computer system. This is a renewal of a contract for tools used to support our mission critical tax processing systems, including our taxpayer information and business entities tax systems. FTB has been using these products for approximately 40 years, as they are extremely stable. Without maintenance and continued migration to vendor supported software releases, this mission critical software would be unsupported, inoperable, and without warranty. The department would not be able to perform many of its revenue generating functions or various collection related tasks that involve our mainframe computer. In September of this year, our existing five-year agreement valued at $10,980,000 expires. We're anticipating another five-year agreement, and the final price will be determined based upon a negotiated process.

Our second request is for the Board's approval to enter into an interagency agreement with the California Department of Community Services and Development, or CSD, to support the California Earned Income Tax Credit program, or CalEITC. The administration's fiscal year 26/27 proposed budget includes 10 million in outreach funds dedicated to increase awareness of and participation in CalEITC. Each year FTB enters into an interagency agreement with CSD to distribute the outreach funds to nonprofits and community-based organizations through

CSD's existing grant infrastructure. The proposed agreement is for $10,969,000. This includes 10 million to be distributed, as well as an estimated $969,000 in reimbursement for CSD's administrative and operational costs during the 26/27 fiscal year.

At this time, I'm re respectfully asking for your approval of these two procurement efforts and would be happy to answer any questions you may have.

CHAIR COHEN: Thank you very much. I'm going to go ahead and jump to the Members' questions; okay? Michelle Perrault? No. Okay. None, wow. Oh man. Hold on. Now I'm on the hot spot. We got to get you at least one. All right. Let's go ahead. We're going to -- I have one.

So the $969,000 in the CSD administrative cost represents about 10% of the agreement value. Here is the question. What does CSD's administrative role actually entail, and has FTB evaluated whether those functions could be performed more cost effectively through another mechanism?

MR. BANUELOS: They have oversight over the entire program. So it's a little bit different based on each year what they're doing for us. So last year they renewed the grant of all the grantees.

So they actually had to do basically an entire new bid for us, which constituted an actual lot of work. It's a grant. It's a little bit different, but basically it's essentially like doing a complete bid. I can't remember the exact number, but there's probably about -- I would say about 13 different grantees. Probably upwards of 15 contracts that they have to do. Doling out $10 million worth of money to all of these grantees, tracking the work plans of all that, tracking the invoices, making sure that all the work that gets done. That's a significant amount of work that needs to be done, auditing those -- the invoices that come in, tracking those, making sure they're approved for payment. That is a lot of work. We have not looked into, is there an alternative way of doing that. We've been very satisfied that the work that they are doing for us is well worth the amount of money that we're doing. There is a portion of money that's in there that we are also paying for some of their IT costs. A few years ago they implemented a reporting system for the grantees to enter data into a portal, so that they could get better reporting statistics in there. So overall, we've been very satisfied, but no, we have not looked into an alternative way --

CHAIR COHEN: Thank you.

MR. BANUELOS: -- of spending that money.

CHAIR COHEN: Thank you. Thank you for the presentation. Any members of the public in the chamber would like to comment on this item? All right.

Mr. Operator, please, online is -- are there any public commenters?

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

And you have a comment from Christine Grab, an individual taxpayer. Please go ahead.

MS. GRAB: I'm requesting that instead of giving money to NGO's, that FTB paid professional tax preparers to file returns for people who qualify under VITA guidelines. I believe that the tax preparers would effectively advertise so that people were aware that they could get their taxes done for free and get cash in hand. And they'd likely do a better job of advertising than the NGO's currently are. In "Grab versus FTB" in San Diego Superior Court, FTB never denied the allegations that my penalties were a result of an embezzlement and racketeering scheme. Failure to deny constitutes admission of truth. While I am not low-income --

MR. HOFELING: This does not appear to be related to the topic of the contract itself and is relating to a personal litigation matter.

CHAIR COHEN: Okay. Thank you very much.

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

THE AT&T OPERATOR: No members of the public --

CHAIR COHEN: Thank you.

THE AT&T OPERATOR: No members of the public are queueing up at this time.

CHAIR COHEN: Thank you. And again just for the record, the member of the public was speaking on a topic that was of personal -- a personal litigation to her, not on -- what's on the agenda.

So with that said, thank you very much, Mr. Banuelos, for your presentation.

Members, colleagues, is there a motion on the contracts over 2 million?

MS. PERRAULT: So moved.

MS. LIEBER: So moved.

CHAIR COHEN: All right. The motion is moved by Perrault, seconded by Lieber. Can we take this with that objection? All right. Without objection, the motion passes unanimously. Thank you.

MR. BANUELOS: Thank you for your time.

CHAIR COHEN: All right. Thank you. Let's go ahead and call Item 5. Excuse me, I'm sorry. Item 6B.

MR. ESCOBAR: Good afternoon, Chair Controller and Members of the Board. My name is Abel Escobar, director of the Financial Management Bureau. I am joined by Rosita Mindermann, an assistant bureau director of the External Budget Office. We are here today to provide an informational presentation on the budget change proposal concepts that are under development for the fiscal year 2027/28. We will provide a brief overview of each concept, and then answer any questions you may have. If appropriate, we will return at the September Board Meeting with fully developed proposals for your approval.

In 2008 franchise tax board began a multiphase project to modernize processes, applications, and systems. We all know this as the Enterprise Data to Revenue, Phase One, or the EDR1 project. At the end of this first phase, FTB received funding for maintenance and operations.

After several years, there have been significant price increases exceeding the current budget. The EDR1 MNO Augmentation Concept requests additional funding to cover increasing costs associated with software licensing, hardware refresh cycles, and third-party support contracts that are essential to maintaining FTB's mission critical systems. The augmentation will ensure that FTB can continue to safeguard taxpayer data and remain compliant with state and federal security requirements. As we start discussions for the third and final phase of the EDR project, the objective of the next concept is to prepare the department and lay the groundwork for this upcoming phase. The Accounting Systems Business Rules Extraction Concept requests funding for ongoing vendor service and software to implement an automated tool solution to document current business rules and evaluate system functionality. This effort will support modernization of FTB's critical internal enterprise accounting systems known as taxpayer information system and business entities taxation system, that support personal and business entity accounts. As technology solutions continue to evolve in age, current systems require modernization along with a refresh of key components. These next two concepts address these changes.

The Contact Sensor Platform Modernization, or CCPM, concept requests funding to purchase a modern, secure, and scalable cloud-based contact center platform, or CCP, and voice over internet protocol, or VOIP, solution from a CALNET authorized vendor. This investment will replace FTB's aging on premises CCP and VOIP system and ensure uninterrupted delivery of taxpayer services. It will also allow new opportunities for improvements to the customer experience aligned with statewide directives.

Now, I will pass it over to my colleague, Rosita, to present the remaining concepts.

MS. MINDERMANN: Thank you, Abel.

Good afternoon, Chair Controller and Members of the Board. The last local area network, or LAN, refresh BCP was approved in 2019/20 at a one time cost of 5.9 million, to update and improve the department's network through the LAN Infrastructure Refresh Project. Fast forward to 2026, when various components are reaching end of maintenance and will soon stop receiving regular updates or support. The LAN Switch Supervisor Engine Refresh Concept requests funding to replace aging network control units, called supervisor engines, along with their software. The supervisor engines, or control units, are installed in network devices used across central and district offices. By updating them, we'll keep our network running smoothly and avoid problems when the old equipment is no longer supported. These modules are responsible for managing the flow of data between staff devices and critical FTB systems.

Next is the Political Reform Audit Resources Concept. The Political Reform Audit program, or PRA program, within the Franchise Tax Board audits state and local political entities, pursuant to Government Code Section 90000. The PRA program determines their compliance with political reform acts, disclosure, and record keeping requirements, as well as educate filers to improve future compliance. This concept requests additional resources and funding to effectively administer the PRA program, as mandated by the Political Reform Act of 1974. These resources will allow FTB to complete additional mandatory audits, strengthen oversight of political activity, support enforcement by the Fair Political Practice Commission, improve transparency for the public, and provide the ongoing technical support needed to maintain and enhance PRA's audit systems.

Next is the Asset Forfeiture Account Spending Authority Increased Concept. FTB's Criminal Investigation Bureau investigates alleged criminal violations of the revenue and taxation code independently and partners with city, county, state, and federal agencies for enforcement. Through these joint efforts and under the guidelines of the Guide to Equitable Sharing for State, Local, and Tribal Law Enforcement Agencies' March 2024 Agreement, FTB received an equitable share of the monetary recovery. And that equitable share was deposited into FTB's asset forfeiture account to supplement CIB's operational budget. However, as program eligibility requirements evolved under federal guidelines, FTB was deemed ineligible to continue receiving monetary recovery funds, because FTB's primary goal and mission are not law enforcement. FTB received an extension to spend current account funds until June 2030. After June 2030, FTB will no longer be able to use these funds, and the funds will revert back to the US Treasury or the General Fund. This concept requests an increase in spending authority through fiscal year 2029/30 for the asset forfeiture account, to spend the funds within the account, to support the purchase of permissible resources for investigation activities that support FTB strategic goals.

Lastly, the Campus Security Upgrades Concept is a capital outlay proposal concept requesting funding to upgrade physical security at the central office campus, enhancing protection against threats, and ensuring operational continuity. These measures will reinforce the department's ability to respond and to mitigate physical security risks. Ensuring the safety of the State assets and taxpayer information. The proposed improvements will bolster FTB's capacity to safeguard the campus, maintaining secure and uninterrupted operations in the face of emergency challenges.

So this concludes our presentation of the budget change proposal concepts under development for the fiscal year 2027/28, and we'd be happy to answer any questions you may have.

CHAIR COHEN: Thank you very much.

Member Lieber, do you have any questions?

MS. LIEBER: No.

CHAIR COHEN: Okay. I ran out of steam. I gave my best stuff on the previous. I don't have any questions for you either.

So we are going to take a moment. We're going to go ahead and go to public comment. Anyone in the in the chamber? All right.

Mr. Operator, could you please check to see if there's any public comment online?

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

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

CHAIR COHEN: All right. Thank you.

MR. ESCOBAR: Thank you for your time.

CHAIR COHEN: Thank you for your presentation.

All right. Madame Rubalcava. All right. We're going to go back to Item 5, Legislative Updates.

MS. RUBALCAVA: Yes, agenda Item 5 is a presentation on the Legislative Update, and it is being presented by Wendy Cramer. This is also an informational item.

CHAIR COHEN: Thank you.

MS. CRAMER: Good afternoon, Chair Controller and Members of the Board. My name is

Wendy Cramer, and I am the assistant director of legislative services for the Franchise Tax Board. I'm here today to present a mid-session legislative update on bills that if chaptered could impact the Franchise Tax Board.

We are now well within the second year of the 2025/2026 legislative session, where May 29th was the last day for bills to move from the house of origin to the Second House. The next major milestone is August 31st, when all remaining bills must be sent to the governor. The legislature met the June 15th deadline to pass the state budget. Legislative Services Bureau is currently monitoring 38 bills that advanced to the second house. Of those, ten are two-year bills and the remaining 28 were introduced to this year. I will be highlighting a few of those bills for you today.

I will begin with Senate Bill 1435. This bill contains cleanup language for Senate Bill 711, the specified date conformity bill chaptered in October of 2025. In addition to a number of technical changes, this bill contains two provisions that would clarify California's conformity to federal law. The first provision clarifies that California's modification to the disqualified investment income amount would remain $3,400 indexed for inflation, for purposes of the California Earned Income Tax Credit, or the CalEITC. This means that FTB would continue to disallow the CalEITC if the taxpayer's aggregate amount of investment income exceeds $3,400 indexed for inflation.

The second provision would make a small technical change. When Senate bill 711 was chaptered, it included nonconformity to the limitation on business interest for corporate tax purposes, but the personal income tax limitation was inadvertently omitted. This provision would add the corresponding nonconformity for personal income tax purposes. This would ensure consistent application of the law for both personal and corporate tax by clarifying that California would not conform to the federal modification to the limitation on business interest under Internal Revenue Code Section 163(j) Senate Bill 1435 would be effective upon enactment and specifically operative for taxable years beginning on or after January 1, 2025, consistent with the specified date in Senate Bill 711.

Assembly Bill 1519 would redefine tax liability for purposes of the 20-year statute of limitations for collection activity. This new definition would clarify that tax liability due and payable would no longer include interest, penalties, costs, and fees relating to the assessment of tax and would specify that the statute of limitations for these items would run concurrently with the related underlying tax liability. This means that when interest, penalties, costs, or fees are assessed, it would not reset the 20-year statute of limitations. If chaptered this bill would be effective and operative on January 1, 2027.

Senate Bill 1436 would conform to the federal increase in the contribution limit for beneficiaries of Achieving a Better Life Experience account, also known as ABLE accounts, beginning in January of 2026. The One Big Beautiful Bill Act made the temporary increase limitation permanent. This increased limitation allows a designated beneficiary of an ABLE account to contribute additional amounts to the account after the overall contribution limit has been reached. This new contribution limit would be the lower of the federal poverty line for a one person household or the beneficiary's income. This contribution limit would also be indexed for inflation.

The Department Of Finance recently

released its May Revision Trailer Bill language, which included three provisions that would impact the Franchise Tax Board. Please note that these proposals are a work in progress and may change over the next few weeks. My summary will include a few of the changes that have already been proposed.

The first provision would create a permanent business tax credit limitation. This proposal is similar to the current temporary credit limitation of $5 million. However, unlike the current limitation, it would limit the use of business tax credits to the greater of $5 million or a specified percentage of tax liability. This proposal would not apply to any credit refund election allowed as part of the current temporary credit limitation, nor the annual refundable election amounts allowed for the Motion Picture Credit. Also this proposal would not apply to the Low-Income Housing Credit.

The second provision includes a temporary annual tax reduction for limited liability corporations, limited liability partnerships, and limited partnerships, from $800 to $400 for taxpayers in their first year of business for tax years 2027, 2028, and 2029.

The third provision would conform to the federal treatment of Internal Revenue Code Section 530(a) accounts beginning in tax year 2026. This treatment would be similar and consistent with the general practice of conforming to federal law for tax advantage savings and retirement accounts.

This concludes my mid-session legislative update. Thank you, Chair Controller and Members of the Board, for your time today. I'm happy to answer any questions you may have.

CHAIR COHEN: Thank you very much for the presentation. We do have questions for you.

Member Lieber?

MS. LIEBER: I have a number of questions, but I'm going to satisfy them all by going online and taking a look at these individual bills, because there's a lot to work with here. So thank you.

CHAIR COHEN: Okay. So as it relates to Assembly Bill 1519, the modified statute of limitations on collections, I understand that's a pretty controversial piece of legislation. And I think if I remember correctly the governor vetoed another version of this -- was it last year?

MS. CRAMER: You are correct.

CHAIR COHEN: Okay. All right. And at least the -- let's see, is this legislation going to cost the Franchise Tax Board $10 million?

MS. CRAMER: No, it is not going to cost the Franchise Tax Board $10 million. The revenue cost was updated recently because new data was identified. The estimated amount of debts that would be discharged as a result of this bill is approximately $100,000.

CHAIR COHEN: Okay, that's not so bad. So I wanted to just take a few minutes to discuss AB 1519, because I think that the bill deserves a more thorough conversation than we usually do on a typical legislative update. AB 1519 proposes to redefine tax liability, and that will definitely change the way we do business and conduct business here in the State of California. And this is a significant change that could affect tens of thousands of accounts in the current collections pipeline. And I want to acknowledge that Assembly Member Gibson is addressing something that is real, in the way that California's current statute of limitations on collection works. So this 20-year window can be extended, sometimes significantly, by the imposition of a new of a new interest or penalty charge on an old liability. And so that means a taxpayer who's been living with decades old tax -- a decade old tax debt, who they believe -- who may have believed that they were close to the end of the collection period, that they can find out -- that they can find a window to reset by an administrative action that they didn't quite anticipate. And I can think of a couple of people even in my own personal circle of businesses that would benefit from such legislation. Now, to be fair, I'm not supporting or denying any legislation. Don't misconstrue my comments. I'm just -- we're just having a robust discussion on the legislative legitimacy of this legislation. And this is one of my favorite sections on the agenda, because the legislative update is important. Because it highlights clearly how the work of this body connects to what's happening in the capital. And that's something I believe is fundamental to the work of this Board, the importance of staying meaningfully connected to the legislative process as the bills move through the capital. It's not something that's abstract. Anything that is going to touch -- every bill that touches the revenue taxation code has a potential to change something real in all of our lives, whether we realize it or not. It could change how much we owe. It could change what credits one is able to claim, how long a debt can follow us, what it costs to even start and do -- conduct business in the State of California. So these are all very, very, very relevant, and the legislature is making these decisions right now in real time. And so this Board has both the authority and the responsibility to be informed on the process. So thank you for the presentation. I realize that there are Californians, not only the ones in this room, but also outside, that are counting on us to do our job and to be aggressive. So I really look forward to the presentation. And so I guess in September, on our final legislative update, I am watching the legislation that you've highlighted for us quickly. And I want to pivot to our retired member of the legislature, Sally Lieber.

MS. LIEBER: Thank you. And it is getting down to the critical time within both houses. And so I'm looking forward to the September update, as well, and then an update on what happens during the bill signing season, too. And I would remark from the BOE perspective that we've taken a much more assertive role at the BOE in the past year or so, taking positions on bills that we think meet the policy needs of our constituents. And so we'll be looking closely at these. Thank you so much.

CHAIR COHEN: I just want to go back to the legislation -- what was it? AB 1519? What I didn't see in the analysis is the mention of the one time transactional impact of the retroactive provision. Do you have any comment on that?

MS. CRAMER: The one-time impact of --

CHAIR COHEN: Yeah. The one time transaction impact of the retroactive provision. So the bill would apply it to liabilities due and payable going back to July of 2006. And then, of course, this legislation goes into effect on January 1st of 2027. But what happens to the accounts currently in FTB's collections pipeline that that become time-barred under this new definition? I know you don't have the answers, but I'm reading this into the record so that we can begin to think critically and look at how this is going to impact how we do business here.

Erin, do you have a comment?

MS. DENDORFER: I do, yes. We're currently in the process of updating our analysis to reflect the new data that Wendy mentioned.

CHAIR COHEN: Oh, perfect. All right.

Well then, with that said, I also want to understand the implementation picture -- large picture. FTB is looking at a system changes and staff retraining that is going to begin to be around what, $855,000 plus, in the first year and rise over 1.5 million in year two if this bill is signed in September or October. So we will have roughly 90 days to operationally get ready for the January 1st effective date. And I don't want us to get caught flatfooted.

So, ladies and gentlemen, don't worry. We're on top of it. We will work to together. We will solve this collectively. Thank you for your presentation.

Let's go ahead to public comment. Anyone in the chamber would like to comment on all this exciting business? Nobody? Okay, thank you.

Okay. Mr. Operator, online. Any comments online?

THE AT&T OPERATOR: Members of the public on the phone line, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1 and 0 at this time.

And at this time you have a comment from Joyce Cheng, from the California Society of Enrolled Agents. Please go ahead.

MS. CHENG: Good morning. On behalf of the California Society of Enrolled Agents, having personally worked on this revised AB 1519, I would like to point out that it -- the retroactive provision was removed. That is no longer part of the of AB 1519. So that it would only affect accounts going forward from the effective date of the bill. And -- I apologize. There was another issue to mention. The definition of tax, removing the penalties, interest, fees, and costs, specifically only relates to this piece of legislation, this particular code section. It does not apply to any other tax liability in another situation. It only applies with respect to the statute of limitations. And I trust that the Board will look closely at the proposed legislation as written. Thank you so much.

CHAIR COHEN: Thank you for the clarification. We appreciate that.

Mr. Operator, anyone else?

THE AT&T OPERATOR: No members of the public are queueing up at this time. Please continue.

CHAIR COHEN: All right. Thank you very much. This concludes this portion of the agenda. Let's go ahead and call Item Number 7.

MS. RUBALCAVA: Item 7 on the agenda is Executive Officer's Time, and I will turn it over to Selvi Stanislaus.

CHAIR COHEN: Great.

MS. STANISLAUS: Thank you. Good afternoon, Controller and Members of the Board. During my time I would like to share some of FTB's continued work to advance engagement with taxpayers, tax professionals, and stakeholders throughout California. In the coming months, FTB will participate with several outreach events across the state, including small business expos and hosted events. For example, we will connect with the Latino business owners at an event in Long Beach and share tax updates with the California Society of Tax Consultants through upcoming sessions in San Diego and Orange County. We also look forward to participating in the Annual Virtual Income Tax Seminar next month, which is hosted by the California Lawyers Association. It will include panels on the Settlement Bureau, residency issues in California, the Pass-Through Entity elective tax, and an open-ended life panel called "Ask the Experts." In August, the Advisory Board Meeting will convene as an important forum for collaboration and stakeholder feedback as we work together to address issues affecting California taxpayers and tax programs. We look forward to the Controller coming and sharing opening remarks at this event. And in the summer, FTB will celebrate the successful completion of the EDR2 project and the significant contributions of the staff and our partners who helped bring this transformational endeavor to fruition. Once again, we look forward to the Controller coming and sharing opening remarks at this event, as well.

Also I would like to take a brief moment to highlight some of our volunteer activities we do at FTB. So I would like to recognize the Legal Division's internship program -- volunteer program and express my Sincere gratitude to all our interns, some of whom are in the audience today. So interns -- legal interns, if you're in the audience, want to stand up and be acknowledged. We have two over here. We have three over here. No, go ahead. Controller's office interns as well. And then we have one over here as well. Thank you.

So we appreciate the enthusiasm, talent, and dedication you bring to FTB and the meaningful contributions you make by learning more about tax law and public service. Thank you Legal for the intern coordinators and all their mentors whose time, and guidance, and encouragement make this such a rich and rewarding learning experience for them. So these mentors have to do a full-time job as being attorneys and plus also help the interns as well. So thank you.

And finally, thank you Controller, Board, and your staff for your invaluable support and guidance through another demanding tax season and of course beyond. Your strategic commitment, your unwavering dedication to the FTB have helped us navigate challenges and achieve our goals beyond measure. We, as a team, our entire FTB, are grateful for your continued leadership. Thank you.

CHAIR COHEN: Does that conclude your presentation?

MS. STANISLAUS: Yes.

CHAIR COHEN: Okay. Are there any members of the public that would like to comment on the presentation that's in the chamber? All right.

Seeing none, we will go to public comment online.

THE AT&T OPERATOR: Members of the public on the phone line, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1 and 0 at this time.

And at this time, no members of the public are queueing up. Please continue.

CHAIR COHEN: All right. Thank you very much.

Member Lieber, did you have any comments? I forgot to check in with you.

MS. LIEBER: Not on this item.

CHAIR COHEN: Okay.

MS. LIEBER: Under board member comments, yes.

CHAIR COHEN: All right. Thank you. Then let's go ahead to our final item. Ms. Rubalcava, could you please call Item 8?

MS. RUBALCAVA: Yes.

CHAIR COHEN: Thank you.

MS. RUBALCAVA: Members, Item 8 is Board Members' Time, and I will turn it over to Controller Cohen.

CHAIR COHEN: All right. Thank you. I appreciate that. All right, Member Lieber, you're up.

MS. LIEBER: Thank you so much. Well, I'd like to start by thanking our Chair and our executive officer and staff for the productive and substantive and engaging conversation today. I think that's where we need to be in terms of showing our constituents that we care about the issues that affect them the most. And I'm very much looking forward to the Earned Income Tax Credit questions that we had returning, as well as the questions relating to collections.

I would like to also put into the hopper for items that I think we should consider as very relevant to our work. In looking at appeals -- at the timelines of appeals that take place and the amounts of the -- of money in question that is being discussed, and really unpack those lower amounts of money and the time that they take to make their way through the appeals process. And that's of great interest to people on all ends of the economic scale. I've heard about it from a number of constituents, and I think it's right for us to discuss that. I'd also like to, when time allows later in the year, look at having a 90-minute holistic hearing about the situation of people that fit into the economic strata that is closest to receiving our tax credits and are also adjacent to that. The affordability crisis in California is moving through our state like a prairie fire, and it's literally impacting people who have no other choice to leave. Because they no longer have the funds to be able to leave our state. There's a lot of discussion about people leaving California and going to Texas or going to southern states. But there are a lot more people in the millions who cannot afford to leave California, and yet, are finding themselves squeezed and squeezed and squeezed with this boa constructor of our current economic conditions, particularly with federal changes. So when time allows, I'd like to take 90 minutes to hear about that and to convey our concern as well. So thank you so much.

CHAIR COHEN: All right. Thank you, Member Lieber. We're happy to support you on those efforts.

First, I just want to acknowledge last Friday was Juneteenth. Did you guys have a good time celebrating? Yes, I rested. I enjoyed my rest. But Juneteenth is an important holiday. As many of you all know, it's when the men -- Juneteenth marks a day in 1865 when Union soldiers arrived in Galveston, Texas, and announced to enslaved people that they were free, more than two years after the Emancipation Proclamation had already been signed. This particular occasion is important to me on a personal note, because my paternal grandmother was born in Galveston, Texas. And so we still have a lot -- significant amount of family that live and reside in the Galveston, Texas area. So we always internally -- before it was a federal holiday -- we would acknowledge June 10th.

Also, I want to move on and I want to return to something that happened last week on June 15. One week ago, a United States Air Force B-52 crashed at Edwards Air Force Base. And this is a base that's located in Kern County. Sadly, all eight people on board were killed. Recently, the names of those that we lost have been released, and I'd like to read them into record because they deserve recognition for their service.

I want to recognize Colonel Gregory Watson, 53 years old, of Shreveport, Louisiana. Lieutenant Colonel Gabriel Estrella, 40 years old. The retired Lieutenant Colonel Miles Middleton, 50 years old. He was a Boeing pilot and a veteran who served in Afghanistan. Major Alexander Davis was 34 years old of Lancaster, California, and was a weapon systems officer. Major Robert Dee, 40 years old, a pilot with the 419th Flight Test Squadron. Major Brad Hovey, 35 years old of Iowa. He was also

a pilot with the 419th Flight Test Squadron.
Jeromy Smith, 32, of Rosemont, California, a flight test engineer with the 419th Flight Test Squadron.
And finally, Christopher Rischar, 41 years old, of Lancaster, California, was a flight test engineer and contractor with the JT4.

So on behalf of this board, I just want to extend our deepest condolences for each of the families, their colleagues at the Edwards Air Force Base, and to everyone whose life was touched by the loss of these souls. May they rest in peace, and may California never forget the sacrifice they've made on our soil.

And in closing, finally, I want to just take a moment to introduce a group of folks that have joined our team, the State Controller's Office, our summer internship interns. I'm genuinely excited about welcoming them. Like the FTB, we are training the future and inspiring people for public service. And what more of an inspiring way than to force them to come to the Franchise Tax Board Meeting, and sit through all of the very, very, very important work that we are doing. I'm so excited for all of the interns, but I want to recognize Larry Bai who is a political science student at UC Santa Barbara. And then I also want to recognize Natalie Williams from Northeastern University, and then also Michelle Bloom, who's here joining us from UCLA. These are our super stars this summer. We are lucky to have you. Thank you. And I truly hope that all of the interns will have an experience that will give them a genuine window into state government, particularly into what public financial oversight looks like, and into the difference that dedicated people in public service, how they can make a difference every single day. We are very lucky to have you. Thank you very much for joining us.

And in closing, happy Father's Day to all the men that serve as fathers' inspiration, godfather, uncles, stepfathers those that are just stepping in. We're very grateful. I've got a great relationship. I'm a daddy's girl. So Father's Day is really important in our house.

So with that, I'm going to close out. And thank you for joining us. It's -- oh, public comment. Any member of the public that are in the chamber that would like to speak? Okay. We're sticking with the theme. Nobody has anything to say. I got it.

Operator, please check the public comment online.

THE AT&T OPERATOR: Members of the public on the phone lines, if you would like to place yourself in the queue for public comment, as a reminder, you may press 1 then 0 at this time. And you have a comment from Christine Grab, individual taxpayer.

Please go ahead.

MS. GRAB: At the April 2026 Board Meeting Hasib Emran, with Malia Cohen's tacit blessing, utilized and underhanded tactic to violate my taxpayer right to comment on Susan Maples' retirement. This is my belated comment. Do not violate my right to speak again. I spoke with Susan Maples on the phone a few times, and we exchanged several emails. She seems like a lovely person. Her successor, Chris Smith, stated that Ms. Maples was framed for fraud, in accordance with FTB standard operating procedure whereby the legal department sets up employees in other departments as patsies for crimes perpetrated by the attorneys. There is a reason why the attorneys don't sign documents themselves. There is no statute of limitations --

CHAIR COHEN: Ms. Grab, I love your

comment. But I cannot allow you to publicly attack a staff member. I cannot allow you to publicly attack a staff member. So I'm not squelching or impeding on your right to public comment. If you'd like to make it positive, I can give you two minutes back. Or you may direct your comments to the full Board.

THE AT&T OPERATOR: Once again, please press 1 and 0, if you have a comment.

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

CHAIR COHEN: All right. Thank you very much ladies and gentlemen, we are adjourned.

(Whereupon, the proceeding concluded at 12:52 p.m.)

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IN WITNESS WHEREOF,I hereunto subscribe my name this 6th day of July, 2026

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