



State of California
Franchise Tax Board

2016

City/County Business Tax Program

Program Administration and Disclosure Overview

Privacy, Security, and Disclosure Bureau
Disclosure Office – 916.845.3226
Data Resources and Services Unit – 916.845.6304



State of California
Franchise Tax Board

City/County Business Tax Program

Objective

By the end of this overview, you will be familiar with safeguarding confidential information received from the California Franchise Tax Board. In addition, we will discuss the following:

- Program Background
- Legal Authority
- Use of Information and Information Security
- Confidentiality Statement
- California Laws & Penalties
- Incident Reporting & Destruction of Records
- Safeguard Reviews
- Reminders
- Program Administration

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Background

As the result of Senate Bill 1146, FTB and participating cities began exchanging data through a reciprocal agreement with no charge to either party.



Senate Bill 1146 (Cedillo) (Chapter 345, Statutes of 2008)

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Legal Authority

Revenue and Taxation Code Section 19551.1 authorizes a **reciprocal agreement** for the exchange of city/county business tax and confidential income tax information between a city and FTB (with a written agreement). Recent legislation extended the sunset date of this program until January 1, 2019.

Revenue and Taxation Code Section 19542 states it is a **misdemeanor to disclose** confidential taxpayer information. It also provides rights to taxpayers whose confidential tax information has been disclosed.

Revenue and Taxation Code Section 19551.5 **mandates cities /counties to provide** business tax data to FTB.

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Use of Information

The information obtained from FTB must be:

- Used solely to administer your city/county's business tax program
- Kept in the strictest confidence
- Available to its own employees only on a "need to know" basis

Only city/county employees with a business need may have access to FTB data.

R&TC Section 19551.1 (b)(3)

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Safeguarding Confidential Taxpayer Data

Safeguarding taxpayer information is of utmost importance. Protecting taxpayer information and privacy is a foundation principle at FTB. Some steps we (FTB) take to ensure the confidentiality and security of data, include:

- Confidentiality Statements (FTB 712)
- Providing Disclosure Overview Training to your staff
- Safeguard Questionnaires
- Ensuring pre-determined lock-out periods
- Warning banners on systems containing FTB data
- Use of strong passwords, etc.

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Confidentiality Statement

Each city/county employee with access to FTB's confidential data is required to sign FTB's **Confidentiality Statement**, Form 712.

This signed statement certifies that employees understand that unauthorized access, inspection, use or disclosure of confidential information may be punishable as a crime and may result in disciplinary and/or civil action. This statement must be furnished to FTB upon request.



City Business Tax Program Confidentiality Statement

Confidential tax data is protected from disclosure by law, regulation, and policy. Information security is strictly enforced. Violations may be subject to disciplinary and, where criminal action is warranted, criminal prosecution.

As a city employee, you are required to protect all information received from the Franchise Tax Board (FTB). To protect confidential tax data, you must:

- Access or modify tax data solely to perform official duties.
- Report access or inspection of tax data to your supervisor.
- Report all access or inspection of confidential tax data to your supervisor who does not have a need to know.
- Never remove confidential tax data from your workplace without authorization.
- Place confidential tax data in approved hardware only.

Unauthorized inspection, access, use, or disclosure of confidential tax data is a crime under state law including, but not limited to, California Revenue and Taxation Code Sections 11642 and 11652 and Penal Code Section 922. Unauthorized access, inspection, use, or disclosure may result in either or both of the following:

- State criminal action.
- State and/or employer civil action.

I certify that I have read the confidentiality statement printed above. I further certify and understand that unauthorized access, inspection, use, or disclosure of confidential information may be punishable as a crime and may result in disciplinary and/or civil action.

Name	
Signature	Date

Each City employee accessing FTB data must return a signed copy of this form and provide it to FTB upon request.

FTB 712 (REV. 06/2012)



California Law & Penalties

Under California Law, it is a **misdemeanor** for you to inspect, disclose, or use confidential information without a business need to do so.

The penalty for **each** violation is:

- ✓ Up to \$10,000 fine
- ✓ Up to 3 years in jail, or
- ✓ Both

R&TC Section 19542 and 19542.1
Government Code Section 90005



Information Security

Confidential data must be:

- Maintained in a secure environment
- Accessible only to the city/county business tax department
- Protected from unauthorized access, use, or disclosure



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Incident Reporting

- Report all unauthorized or suspected unauthorized access, use and/or disclosures to your supervisor immediately.
- Supervisors will submit an incident report to SecurityAuditMail@ftb.ca.gov which includes:
 - ✓ Date and time of discovery
 - ✓ Name of employee involved in the unauthorized access and/or disclosure of information
 - ✓ Description of the incident
 - ✓ Action taken at the time of discovery
 - ✓ Your name and contact information

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Destruction of Records

All records received by the city/county from FTB must be destroyed after **three (3) years of receipt**. Records shall be destroyed in a manner to be deemed unusable or unreadable and to the extent that an individual record can no longer be reasonably ascertained, such as:

- ✓ Purging all files on your system containing FTB data
- ✓ Degaussing, demagnetizing or damaging CDs to prevent use
- ✓ Shredding paper documents containing confidential information

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Safeguard Reviews

After execution of your Exchange Agreement, FTB will send you a **Safeguard Questionnaire** certifying the protection and confidentiality of FTB data.

In addition, FTB is authorized to perform on-site safeguard reviews. These reviews will examine:

- ✓ FTB 712, *Confidentiality Statements* signed by employees
- ✓ Physical safeguards
- ✓ Information security controls
- ✓ Incident reporting processes
- ✓ Destruction processes

FTB's Disclosure Office will provide a minimum of seven (7) days' notice prior to a safeguard review as required by the Agreement.

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Reminders

- **Never** send taxpayer information via email unless the email is encrypted.
- Emails from FTB are sent via **Secure Email**.
- Always lock or shut down your computer when unattended.
- Use passwords or “phrases” that are not easily guessed.
- Never let anyone use your User ID or password to log on.
- Be aware of others around you when looking at confidential FTB data.

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FTB Website

For more information regarding FTB's City/County Business Tax Program, refer to the website at ftb.ca.gov and search for “**City/County Business Tax**.” or “**CCBT**”.

For more information regarding disclosure procedures and policies for safeguarding confidential information, refer to the **FTB Disclosure Manual** and/or the **Information Security Manual** at ftb.ca.gov.

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Program Administration

- FTB CCBT Program Manager Introduction
- Review CCBT pamphlet
- FTB Public Website
- Questions – Record layout
- Legislative Updates
- Reminders

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Contact Information

Disclosure Office: 916.845.3226

Data Resources and Services Unit: 916.845.6304

Email: LocalGovtLiaison@ftb.ca.gov

Website: ftb.ca.gov - Search for “CCBT”

Thank You!

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