

FRANCHISE TAX BOARD
MINUTES
DECEMBER 2, 2010 MEETING

The Franchise Tax Board met in open session at 1:30 p.m. at the Franchise Tax Board, 9646 Butterfield Way, Gerald Goldberg Auditorium, Sacramento, California. Present were Deputy Controller Marcy Jo Mandel for Hon. John Chiang, Chair, Hon. Betty T. Yee, and Department of Finance Chief of Financial Research, Jay Chamberlain for Hon. Ana J. Matosantos.

Franchise Tax Board

Staff Participating: Selvi Stanislaus, Geoffrey S. Way, Patrick Kusiak, Brian Putler, Susan Borgman, Ben Miller, Steve Sims, Delinda Tomagni, and Colleen Berwick.

Others Participating: Roland Boucher, United Californians for Tax Reform; David Feldman, ZF Micro Solutions; Vicki Mulak, CSEA; Gina Rodriquez, Spidell Publishing, Inc.

Item 1. – Approval of Minutes

The minutes of the September 1, 2010, Franchise Tax Board meeting were unanimously approved (3-0).

Item 2. – Legislative Matters

Legislative Proposals – Staff report and Board approval.

The Board received a brief summary of five legislative proposals.

The Board voted 2-0 (Member Matosantos abstaining) to approve the following proposals:

LP A – Clean up Franchise Tax Board Mandate to Suspend Practitioner Based on Federal Suspension or Disbarment.

LP B – Exempt Organizations/Filing Fees (Parts 1. and 3. only; Part 2. was pulled by staff to do a comprehensive review and will go back to the Board at a later time.)

LP C – Transfer the Collection of Department of Industrial Relations Debts from the Franchise Tax Board to the Employment Development Department.

The following Taxpayer Bill of Rights proposals were deferred and will be brought back to the Board at a later time:

LP D – Disaster Loss Deduction/Automatic Disaster Tax Relief.

LP E – Modify Interest Calculation for the California Tax Effects of Reporting a "Carryback" of a Net Operating Loss Deduction for Another state or for California.

Item 3. – Regulation Matters

a. 2011 Rulemaking Calendar – Board approval.

The Board voted unanimously (3-0) to approve the Calendar.

b. Proposed Regulation 25136 (2011) (Sales factor. Sales other than sales of tangible personal property in this state) – Staff report and possible Board action.

The Board received a staff report and voted unanimously (3-0) to approve the staff request to proceed with the formal regulatory process.

c. Proposed Regulation 19591 (Specialized tax service fees) – Staff report and possible Board action.

The Board received a staff report and voted unanimously (3-0) to approve the staff request to proceed with the formal regulatory process.

Item 4. – Administrative Matters

Contracts over \$1 million – Board approval.

The Board voted unanimously (3-0) to approve the following four contracts:

Enterprise Data to Revenue (EDR) Project, Prime Solution Provider
EDR – IT Consulting Services – Independent Verification and Validation Services
ETL – Enterprise Tape Library Replacement Project
IT Network Refresh

Item 5. – Taxpayers' Bill of Rights Hearing

See attached Taxpayers' Bill of Rights Hearing, Franchise Tax Board, Minutes, December 2, 2010.

Item 6. – Hearing on a Petition Filed Pursuant to R&TC Section 25137

The chair announced that this item was deleted from the Agenda.

Item 7. – Executive Officer's Time

Selvi Stanislaus congratulated Cathy Apker, Executive Vice President for Enrolled Agents, for her retirement. Ms. Stanislaus also thanked the Board members and Deputy Controller, Marcy Jo Mandel, for their service and congratulated Chair Chiang and Member Yee for their re-elections.

Item 8. – Board Members' Time

The Board members presented Resolutions to Bill Jones and Carlos Zamarripa commending them on the occasion of their retirement and for their service at FTB.

The Board adjourned the meeting at 2:32 p.m.