



STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO Box 1468
Sacramento CA 95812-1468
Telephone (916) 845-4106
Fax (916) 845-0845

STEVE WESTLY
Chair
CAROLE MIGDEN
Member
DONNA ARDUIN
Member

MEMORANDUM

To: Gerald H. Goldberg

From: Titus S. Toyama

Subject: Board Approval for Contracts Exceeding \$1 Million

May 24, 2004

This memorandum provides information for your notification to the Board pursuant to the Board's resolution requiring approval for purchases exceeding \$1 million. The following are the proposed purchases:

- **Media Advertisement Services** – Assembly Bill 2203 creates the tax amnesty program. This program allows taxpayers that have failed to file income tax returns, underreported income on previously filed income tax returns, or failed to pay any taxes previously assessed with incentives that include canceling penalties and precluding most prosecutions for those that participate in the program. The proposed Revenue and Taxation Code Section 19736 states, "The FTB shall conduct a public outreach program and adequately publicize the tax amnesty program so as to maximize public awareness and to make taxpayers aware of the program." To meet the intent of the proposed Revenue and Taxation Code Section 19736, FTB will issue a Request For Proposal for a six-month agreement to have a vendor serve as our ad creator and media buyer. The estimated cost for this agreement is \$2.3 million and will begin October 2004. Funding for the contract is included in the FY 2004-05 May Revise.
- **Phase III Move Contract** – A multi-year contract for the relocation of staff and equipment from Central Office and leased facilities to the new office buildings constructed by the State Office and Warehouse Facilities Project. The FTB will issue an Invitation For Bid seeking a two-year contract with a vendor to provide the moving service required of our relocated staff and equipment. The estimated cost for this agreement is \$1.1 million and will begin October 2004. Funding for the contract is included in a FY 2004-05 Finance Letter.
- **Roll Paper Contract** – A three-year contract for roll paper. The roll paper is needed for the daily printing of billing notices to the taxpayers. The FTB will issue a purchase estimate to the Department of General Services in order for them to conduct a competitive bid. The estimated cost for this agreement is \$1,500,000 and will begin July 2004.
- **Nevada Legal Services** – A three-year contract for outside counsel in Nevada for legal services required in defense of a suit filed in the State of Nevada against FTB by Gilbert Hyatt. The State's potential liability in this case is \$200 million. The Department of Justice notified FTB that they will no longer represent us in this case and granted permission to retain their Nevada private

counsel with the litigation. The case is scheduled for trial in late 2006.
The estimated cost for this contract is \$3,760,000 and will begin July 2004.
Funding for the contract is included in the FY 2004-05 May Revise.

If you have any questions please contact me at 845-4106.

Chief Financial Officer

CONTRACT PENDING BOARD APPROVAL

DESCRIPTION	CONTRACT TYPE	ESTIMATE DOLLAR AMOUNT	ESTIMATE CONTRACT AWARD
<p>PROPOSED CONTRACT OVER \$1,000,000: (See attached memos for details)</p>			
Media Advertisement Services - California Tax Amnesia Publicity/Education Program	RFP	\$2,300,000	10/1/2004
Phase III Move Contract - Two year contract for a vendor to provide relocation of staff and equipment from Central Office and leased facilities to the new office buildings constructed by the State Office and Warehouse Facilities Project.	IFB	\$1,100,000	10/15/2004
Roll Paper Contract - Three year contract for roll paper for the printing of Billing Notices to Taxpayers.	IFB	\$1,500,000	7/1/2004
Legal Services - Three year contract for a Nevada outside counsel required in defense of a suit filed in the State of Nevada against FTB by Gilbert Hyatt.	Exempt	\$3,760,000	7/1/2004