

Franchise Tax Board
Fiscal Year 2010/11
Proposed BCP's for Approval

**2010/11 Proposed
Non-IT RCAs**

Priority	Proposed BCP Issue	COST ESTIMATE (in thousands)	PYs	SUMMARY
1	TAX GAP			
	Business Entities Chapter 11 Bankruptcy Collection	TBD	13.3	Request funding and 14 positions (13.3 PYs) for the collection of \$7.5 million in revenue associated with Chapter 11 cases in the Business Entities Bankruptcy Unit.
	Compliance Enhancement - FY 08/09 BCP (ARM & Filing Division)	TBD	TBD	Request additional funding to extend 75 limited-term (LT) positions to address Compliance Enhancement Measure Initiatives. These Personnel Years (PYs) will expire June 30, 2010.
	Transfer Pricing for Water's Edge Audits	\$7-\$16 M over four years	0.0	Request funding for consultant services to assist in the examination of transfer pricing issues. We seek to focus our resources and alternative methods of auditing - specifically on the most egregious situations of transfer pricing analysis. External reports from Congressional Hearings and the Multi-state Tax Commission continue to emphasize that tax avoidance from international tax sheltering activities continues to increase.
	Delinquency Control (DLC) for Limited Liability Companies (LLC's)	TBD	TBD	Request an increase in staffing/funding to increase compliance with return filing. FE currently coordinates the DLC program for Corporations. INC will pick up and pursue cases where specific income information has been reported and will process a FE case. Annually, over 200,000 corporations receive notices through the DLC process and FTB receives over \$50 million in revenue. Expanding the program to LLCs will further close the tax gap by prompting filing compliance with this large universe of business entities.
	Filing Enforcement Program - Additional Income Sources	TBD	TBD	Request an increase in staffing/funding to increase compliance with return filing. The program has implemented a number of new income sources through several tax gap Budget Change Proposals (BCPs) over the last several years with continued success. FTB wishes to further these efforts by pursuing an additional 2-3 income sources and/or changing our current methodology on existing income sources to increase nonfiler contacts and resulting revenue.
	Withholding Services and Compliance Section (WSCS)	\$400	5.0	Request an increase in staffing/funding of 5 PYs to increase compliance with nonresident withholding. The program has implemented education and outreach and discovery activities related to entertainment industry through a previous tax gap Budget Change Proposal (BCP). This effort is providing continued success and identification of new industries. These new industries such as the leasing and renting of California property by nonresident owners require additional staff to fully implement outreach activities and enforcement activities that may result.
2	Limited Liability			
	Limited Liability Company Protective Claims	\$178	3.0	Request funding and 3 one-year limited term positions (2.8 PYs) to process refunds resulting from the court of appeals decision in Ventas Finance, LLC v Franchise Tax Board. This request will extend the two-year limited term positions received in FL #3 in FY 08/09.
3	Economic Stimulus			
	Economic Stimulus Tax Provisions (SBX2-15 and SBX3-15)	\$145	1.5	Request funding and 1.5 positions to comply with the new Economic Stimulus tax laws.

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4	<p style="text-align: center;">Contact Centers</p> Restore Contact Centers Customer Service Level	TBD	TBD	Request limited-term PYs (phased in over several years) for the following workloads: respond to taxpayer inquiries associated with over 10 million notices requesting payment or a tax return; respond timely and accurately to taxpayers on complex accounts.
5	<p style="text-align: center;">Court Ordered Debt (COD)</p> Limited term to perm resources conversion for COD collections program	\$845	7.6	Request the conversion of 8 Limited Term (LT) positions to Permanent to support the COD Collections Program.