

**FRANCHISE TAX BOARD  
MINUTES  
AUGUST 25, 2004**

The Franchise Tax Board met in open session at 10:30 a. m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Steve Westly, Chair, and Betty T. Yee, representing Hon. Carole Migden. Hon. Donna Arduin arrived following conclusion of Agenda Item 1.

**Franchise Tax Board**

**Staff Participating:** Gerald H. Goldberg, John W. Davies, Donald L. Buxton, Cathy Cleek, Joan Keegan, Anne Miller, Suzanne Small, Patrick Kusiak, Ben Miller, and Claudette Romo.

**Others Participating:** Joseph Bankman, Stanford Law School; C. C. Chen, Simple Payroll; Lenny Goldberg, Lenny Goldberg and Associates and California Tax Reform Association; Gina Rodriguez, Spidell Publishing; Bernard McKay, Intuit; Patrick Shannon, Mayer, Brown, Rowe & Maw, L.L.P., representing GC Services; Atilla Taluy, FileYourTaxes.com; and Gregory Turner, California Taxpayers' Association.

**Item 1. – Approval of Board Minutes**

The minutes of the June 10, 2004, Franchise Tax Board meeting were unanimously approved (2-0).

**Item 2. – Pro Forma Return Pilot**

The Board received a report from staff on the pro forma return-filing pilot project for evaluation of various components (i.e., data accuracy, taxpayer acceptance, etc.) considered essential to success for such a program.

The Board voted 2-0 (Ms. Yee abstaining) to approve a limited pilot project and for the FTB staff to report back to the Board after the pilot is complete and an analysis has been completed.

The Board heard from the following persons in connection with this item:

Joseph Bankman, Stanford Law School  
Gregory Turner, California Taxpayers' Association  
Bernard McKay, Intuit  
C.C. Chen, Simple Payroll  
Atilla Taluy, FileYourTaxes.com  
Gina Rodriguez, Spidell Publishing  
Lenny Goldberg, California Tax Reform Association

**Item 3. – California Performance Review**

The Board received a report from staff on the California Performance Review (CPR). Matters presented included written materials and information regarding various recommendations of the CPR including: information technology, tax amnesty, collection and audit staff resources, cashiering functions, debt collections, and the California Tax Commission.

The Board also heard from the following persons in connection with this item:

Lenny Goldberg, California Tax Reform Association  
Gregory Turner, California Taxpayers' Association

**Item 4. – Regulation Matters**

Proposed Regulations 20501-20505 – Request to amend existing proposed language and to proceed to formal regulatory process.

The Board voted unanimously to approve staff's request to amend and proceed.

**Item 5. – Outsourcing to Private Collection Agencies**

The Board received a report from the Executive Officer regarding Outsourcing to Private Collection Agencies. Matters discussed included core competencies of FTB versus collection agencies and the provisional nature of a significant number of assessments.

The Board also heard from the following persons in connection with this item:

Gregory Turner, California Taxpayers' Association  
Lenny Goldberg, California Tax Reform Association  
Patrick Shannon, from Mayer, Brown, Rowe & Maw, L.L.P., representing GC Services

**Item 6. – Child Support**

The Board received a report on the Child Support Automated System (CCSAS) Project. Matters discussed included an adjustment to the schedule for implementation of CCSAS and procurement of the State Disbursement Unit (SDU).

The Board also heard from the following person in connection with this item:

Patrick Shannon, from Mayer, Brown, Rowe & Maw, L.L.P., representing GC Services

**Item 7. – Administrative Matters**

a. Contracts – Phase 3 Lease Cancellations

The Board voted unanimously (3-0) to approve this contract.

b. Budget Change Proposals – FY 2005/2006

The Board voted 2-0 (Member Arduin abstaining) to approve the Budget Change Proposals.

**Item 8. – Executive Officer's Time**

There was no discussion under this Agenda item.

**Item 9. – Board Members' Time**

There was no discussion under this Agenda item.

Chair Westly announced the agenda for the Closed Session pursuant to Government Code section 11126.3.

The meeting was adjourned at 12:00 p.m.

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Board Secretary

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Date