

**FRANCHISE TAX BOARD  
MINUTES  
SEPTEMBER 17, 2003**

The Franchise Tax Board met in open session at 2:00 p.m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Steve Westly, Hon. Carole Migden, and Shelley Mateo, representing Hon. Steve Peace.

**Franchise Tax Board**

**Staff Participating:**

Gerald H. Goldberg, John W. Davies, Donald L. Buxton, Lisa Crowe, Brian Putler, Doug Powers, Natasha Page, Jeanne Sibert, Craig Scott, Suzanne Small, Phil Spilberg; Lynette Iwafuchi, Titus Toyama, Patrick Kusiak, Ben Miller, and Claudette Romo.

**Others Participating:**

C. C. Chen, from C&S Technologies; Scott R. Baugh, from Mayer, Brown, Rowe & Maw; Lenny Goldberg, from California Tax Reform Association; Katherine Hatch, from California State Government Affairs; Nicholas Spaeth, from Intuit; Gregory Turner, from California Taxpayers Association; Whitney MacDougall, from Intuit; and Atilla Taluy from FileYourTaxes.com.

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

The minutes of the April 29, 2003 Franchise Tax Board meeting were unanimously approved.

**Item 2. – Legislative Matters**

The following positions for bills were approved 2-0 (Ms. Mateo abstaining):

AB 1601/SB 614  
SB 640

The Board took no position on SB 1009, SB 25 or SB 448.

**Item 3. – E-Filing**

After comments from FTB Staff and members of the public, Ms. Migden made a motion to defer any action on this item until the next Board meeting in November 2003.

**Item 4. – Regulation Matters**

a. Proposed Regulation 17000.3 (FTB Meetings) – Status Report.

Doug Powers gave the Board an update on this Regulation.

- b. Draft Proposed Regulation 17952 (Income From Intangible Personal Property) – Status Report.

Natasha Page gave the Board an update on this regulation.

- c. Draft Proposed Regulation 18001-1 (Credit for Taxes Paid to Another State) – Status Report.

Jeanne Sibert gave the Board an update on this regulation.

- d. Draft Proposed Regulation 19133 (Penalty for Failure to File After Notification) - Status Report.

Craig Scott gave the Board an update on this regulation.

- e. Draft Proposed Regulations 20501 through 20505 (HRA) – Status Report.

Suzanne Small gave the Board an update on these regulations.

- f. Draft Proposed Regulations 25130 (Property Valuation) and 25137(b) (Natural Resources – Property of Another) – Status Report.

Ben Miller gave the Board an update on these regulations.

Ms. Migden asked FTB staff to provide a brief explanation of what is at issue on the regulation reports for future meetings.

#### **Item 5. – Evaluation and Oversight of Tax Expenditures**

Ms. Migden accepted the report given by Phil Spilberg and stated that the Board would defer any action and suggested that staff work with her to compile a recommendation to the Legislature or even to the Governor's office to prepare budget proposals for next year.

#### **Item 6. – Child Support**

Lynette Iwafuchi gave the Board an update on the status of the Child Support automation project.

#### **Item 7. – Administrative Matters**

Request for Board approval:

- a. Contracts Over \$1 Million – IRS Forms 1099G and 1099INT

The Board unanimously approved this contract.

b. Contract – Form 9 – West Covina Leave Renewal.

The Board unanimously approved this contract.

c. Contract – Form 9 – Houston Field Office Leave Renewal.

The Board unanimously approved this contract.

d. FY 2004/05 Budget Change Proposals

The Board voted 2-0 (Ms. Mateo abstaining) to approve all Budget Change Proposals.

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

Mr. Goldberg presented the Board with an update of the Budget cuts involving FTB.

**Item 9. – Board Members' Time**

There was no discussion under this Agenda item.

**Item 10. – Chair announcement Regarding Closed Session**

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

The meeting was adjourned at 3:28 p.m.

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Board Secretary

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Date