

**FRANCHISE TAX BOARD  
MINUTES  
October 1, 2002**

The Franchise Tax Board met in open session at 10:00 a.m. at the State Board of Equalization, 450 N Street, Hearing Room 121, Sacramento, California. Present were Hon. Kathleen Connell, Hon. John Chiang, and Hon. B. Timothy Gage.

**Franchise Tax Board**

**Staff Participating:**

Gerald H. Goldberg, John W. Davies, Donald L. Buxton, Lisa Crowe, Debra Petersen, Patrick Kusiak, Titus Toyama, and Claudette Romo.

**Others Participating:**

Eric Miethke, from Nielsen, Merksamer; Atilla Taluy, from FileYourTaxes.Com; Whitney MacDougall, from Intuit; Scott Baugh, from Manatt, Phelps & Phillips; Cris Forsyth, from the office of California State Assembly Member Rebecca Cohn; Chia-Chieh Chen, from C&S Technologies, Inc.; and Greg Turner, from the California Taxpayers Association.

Chair Connell made an announcement regarding Board procedures for public submission of written comments as a result of amendments to the Bagley-Keene Open Meeting Act that require the distribution of certain written materials prior to final action by the Board.

**Item 1. Approval of Board Minutes**

The minutes of the March 6, 2002, and March 25, 2002, Franchise Tax Board meetings were unanimously approved.

**Item 2. E-Filing**

The Board unanimously approved modification of 2EZ Direct, the free on-line California tax form previously authorized by the Board, to include mathematical calculation and tax look-up functionality. The Board also considered other matters related to electronic filing, including efforts related to a new memorandum of understanding.

**Item 5. Child Support (taken out of order)**

The Board received an update regarding the contract award for the automated statewide child support system.

**Item 3. Regulation Matters**

- a. Status Report on Proposed Regulation Sections 17053.36-0 through 17053.36-9, and Sections 23636-0 through 23636-9 (Joint Strike Fighter Wage Credit) and Sections 17053.37-0 through 17053.37-11, and Sections 23637-0 through 23637-11 (Joint Strike Fighter Property Credit).
- b. Status report on Proposed Regulation 19032 (Audit Procedures).

- c. Status report on Proposed Regulation 17000.3 (Meetings of the Franchise Tax Board).
- d. Proposed Regulation 23334 (Tax Clearance Certificate)–Request for authorization to proceed with notice of 15-day changes.
- e. Proposed Regulation 25137 (Property Used to Extract Natural Resources)–Request for authorization to proceed with partial symposium.
- f. Proposed Regulation 19133 (Notice and Demand Penalty)–Request for authorization to proceed with formal regulatory process.

The Board voted unanimously to approve the status reports and requests for authorization to proceed, as applicable.

#### **Item 4. Bank Ownership of Regulated Investment Companies**

The Board approved a staff report regarding bank ownership of regulated investment companies and related legislation.

#### **Item 6. Disclosure of Information About Closed Sessions**

The Board received a staff report on the practices of other agencies subject to the Bagley-Keene Open Meeting Act related to the disclosure of information about matters considered in closed session.

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

- a. FY 2003/04 Budget Change Proposals.

The Board voted 2-0 (Mr. Gage abstaining) to approve sub-items 2, 3, 4, 5, and 6, as well as “placeholders” 1 and 2. The Board voted 1-1 (Chair Connell voting no, Mr. Chiang voting yes, and Mr. Gage abstaining) on sub-item 1 and “placeholder” 3.

- b. Contract Exceeding \$1 million – Request for Board approval.

The Board voted 2-0 (Mr. Gage abstaining) to approve the contract.

- c. Department of Finance Directive on 20-Percent Budget Reduction.

The Board received a staff report on a Department of Finance-directed 20-percent budget reduction.

#### **Item 8. Executive Officer’s Time**

There was no discussion under this Agenda item.

**Item 9. Board Members' Time**

a. The Board unanimously approved all of the following Employee Recognition Resolutions.

(Mary-Paula Albert, Gail L. Allen, Christian R. Alger, Bessie F. Arena, Marla K. Arnold, Darlene E. Ball, Amalia A. Barnes, Barbara A. Barnett, Tom A. Bentzien, Bonnie L. Bilyeu, Jacqueline L. Bjork, Beatrice A. Bohm, Myrna L. Brown, Margaret E. Butts, Sharon M. Carrion, Karen A. Chamberlain-Bick, Walter Q. Chiao, Josephine Coffman, Raymond D. Courter, Raymond C. Cremering, Ursula D. Cruzan, Ramona I. Duey, Sharron M. Dupriest, Wanda D. Dutra, John B. Essman, Kent H. Evans, Carmel M. Funkner, Jutta M. Gardner, Dorothy L. Garza, Doris, F. Gilbert, Laverne L. Gilbert, Peggy Sue Gillespie, Lorraine Gomez, Karen S. Gotham, Richard C. Gould, Maybelle N. Grawey, Gary L. Haight, Martha A. Hansard, Patricia A. Harrington, Dolores J. Hattick, Richard Hollister, Wendy W. Hough, Carolyn M. Howell, Irene C. Johnson, Margaret N. Johnson, William T. Kellison, Cheryl L. Klein, Kathleen B. Kubochi, Linda F. Laue, Grace A. Lawson, Albert D. Lebel, Frank T. Leung, Michael G. Mapel, Kenneth G. Matson, James H. McGinnis, Allen D. Murdaugh, Jeanette L. Navarro, Lorena J. Nevarez, Billie S. Olivas, Michael R. O'Neill, Douglas L. Parker, Edward C. Pendleton, Horace Pitts, Lloyd F. Prather, Aurora Pulido, Patricia S. Quesada-Trippe, Luis G. Reyes, Allen L. Rudge, Allan H. Shigemitsu, Cleatta M. Simpson, Mary R. Sousa, Daryl L. Sullivan, Audrey K. Summers, Maxine E. Swain, Vicki J. Thomas, Brian W. Toman, Gilbert Torr, Robert R. Trojan, Wayne J. Trutna, Janice M. Vargas, Maria Vargas, Maria S. Vibat, Michael A. Wagner, Ronald H. Wagner, Brenda M. Wagnon, Patricia A. Wilson, Kimiko T. Yee, Norma L. Young.

b. Chair Connell requested a staff report on "hardship" in connection with the department's collection activities.

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

Chair Connell announced 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