

FRANCHISE TAX BOARD
MINUTES
DECEMBER 4, 2006 MEETING – (9:30 a.m.)

The Franchise Tax Board met in open session at 9:30 a.m. at the Franchise Tax Board, 9646 Butterfield Way, Gerald Goldberg Auditorium, Sacramento, California. Present were Hon. Steve Westly, Hon. John Chiang, and Hon. Michael C. Genest.

Franchise Tax Board

Staff Participating: Selvi Stanislaus, John W. Davies, Patrick Kusiak, Ben Miller, Debbie Langsea, Anne Miller, Cathy Cleek, Bruce Langston, Natasha Page, Brian Putler, Mark Shijo, and Colleen Berwick.

Others Participating: David R. Doerr, California Taxpayers' Association; Jim Hawley, TechNet; Teresa Casazza, California Taxpayer's Association; Bev Hansen, Intuit Corporation; Emily Rusch, California Public Interest Research Group (CalPIRG); Wm. Gregory Turner, Nielsen, Merksamer, Parrinello, Mueller & Naylor; Gina Rodriguez, Spidell Publishing.

Item 1. – Approval of Board Minutes

The minutes of the September 20, 2006, Franchise Tax Board meeting were unanimously approved (3-0).

Item 2. – Tax Gap Strategic Plan

The Board received a staff report on the Tax Gap Strategic Plan. The Board unanimously approved (3-0) the Tax Gap Strategic Plan.

Item 3. – Options to Reduce Filing Burden

The Board received a staff report regarding options to reduce the filing burden.

The Board heard from the following members of the public regarding this Agenda item:

David Doerr – California Taxpayer's Association
Jim Hawley – TechNet
Teresa Casazza – California Taxpayer's Association
Bev Hansen - Intuit Corporation
Emily Rusch – California Public Interest Research Group (CalPIRG)

The Board voted unanimously (3-0) to reaffirm its previous direction to proceed with the ReadyReturn as a permanent program and to direct staff to pursue discussion with the private sector regarding participation in an IRS-like consortium.

Item 4. – Legislative Proposals

The Board voted 2-0 (Member Genest abstaining) to approve the following Legislative Proposals:

- LP 07-01 Revenue and Taxation Code Misdemeanor Provision/AB 139 Clean-Up
- LP 07-10 Disallowance of Deduction Upon Failure to Report Payments for Personal Services/Technical Clean-Up
- LP 07-11 Notice to FTB of the Administration of a Decedent's Estate Required by Estate Representative
- LP 07-13 Water's-Edge Audits
- LP 07-22 Change Due Date of Taxpayers' Bill of Rights Annual Report to Legislature
- LP 07-25 Confidentiality of Settlement Negotiations

The Board deferred action with respect to the following Legislative Proposal:

- LP 07-21 Eliminate Potential Double Inclusion of Income When Dividend Distributions are Made to Newly Formed Corporations Within the Unitary Group

The Board took no action with respect to the following Legislative Proposal:

- LP 07-23 Separate Actions for Separate Issues

The Board heard from the following member of the public and one FTB staff member regarding this Agenda item (with respect to LP 07-23):

Bruce Langston – FTB Legal Department
Teresa Casazza – California Taxpayer's Association

Item 5. – Regulation Matters

- a. 2007 Rulemaking Calendar – Board approval.

The Board approved 2-0 (Member Chiang abstaining) the 2007 Rulemaking Calendar.

- b. Proposed Regulation 25110(d)(2)(F) – Staff report and possible Board action.

The Board voted 2-0 (Member Chiang abstaining) to approve the regulation with a few minor nonsubstantive changes.

The Board heard from the following member of the public regarding this Agenda item:

Wm. Gregory Turner, Nielsen, Merksamer, Parrinello, Mueller & Naylor

c. Proposed Regulation 17952 – Staff report and possible Board action.

The Board voted unanimously (3-0) to approve the regulation.

The Board heard from the following member of the public regarding this Agenda item:

Gina Rodriquez, Spidell Publishing

Item 6. – Administrative Matters

Contracts over \$1 million – Board approval.

The Board voted unanimously (3-0) to approve the contracts.

Item 7. – California Child Support Automation System (CCSAS)

The Board received a staff report on the Child Support project.

Item 8. – Executive Officer's Time

Ms. Stanislaus stated the meeting at Franchise Tax Board was historical – it is the first FTB meeting ever to be held at FTB and the first time many employees have ever witnessed a Board meeting.

Item 9. – Board Members' Time

Chair Westly thanked the staff in attendance for their service to the taxpayers of California.

The meeting was adjourned at 11:21 a.m.

Board Liaison

Date