

TAXPAYERS' BILL OF RIGHTS HEARING
FRANCHISE TAX BOARD
MINUTES
NOVEMBER 28, 2007

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, CA. Present were Hon. John Chiang, Deputy Controller Marcy Jo Mandel, Hon. Betty T. Yee, and Hon. Michael C. Genest.

Franchise Tax Board

Staff Participating: Selvi Stanislaus, Geoffrey S. Way, Patrick Kusiak, Brian Putler, and Lisa Crowe.

Others Participating: Gina Rodriguez, Spidell Publishing, Inc.; Michele Pielsticker, Cal-Tax; and Roland Boucher, United Californians for Tax Reform.

Taxpayers' Bill of Rights Hearing

Chair Chiang read the opening statement regarding this annual hearing required by law and introduced Franchise Tax Board staff members who were present to respond to questions.

Michele Pielsticker

Ms. Pielsticker provided oral comment to the Board on the following issues:

- Problems members are having with auditors in the sales tax and income tax areas when auditors take taxpayer data offsite for audit purposes, e.g., in determining entitlement to the research and development credit.
- Thanked the Board for sponsoring federal conformity legislation last year and since it stalled in the Senate Appropriations Committee, asked the Board to sponsor the legislation again in 2008.

Gina Rodriguez

Ms. Rodriguez presented written materials and provided oral comment to the Board on the following issues:

- Presented the Board with three specific conformity provisions to consider:
 - 1) dependency exemption rules for noncustodial parents;
 - 2) waiver of the penalty tax on premature distributions for certain reservists and public safety officers; and
 - 3) FTB should defer penalty notices on e-file returns to allow for the processing of payments made by check.

- Requested that FTB take a look at the estimated tax penalty; look at increasing the current \$200 threshold for the imposition of the penalty for underpayment of estimated tax.

Roland Boucher

Mr. Boucher provided oral comment to the Board on the following matters:

- Thanked the Board and the members of the Franchise Tax Board for the work on the 540 2EZ form; will suggest to Congress and the Treasury Department that the IRS use the same type of form.
- Expressed interest in a tax code where almost no one would have to file taxes on April 15th- the withholding would be exact (pertaining mainly to retirees).
- Requested the banking industry to withhold income tax on interest from a CD.
- Requested support of a bill that would index capital gains.

The hearing adjourned at 11:26 a.m.

Board Liaison

Date