

STATE OF CALIFORNIA

FRANCHISE TAX BOARD

PUBLIC MEETING

THURSDAY, DECEMBER 2, 2021

1:31 P.M.

HELD VIA VIDEOCONFERENCE

AND

VIA TELECONFERENCE

REPORTED BY:

KATHRYN S. SWANK
CSR NO. 13061

KATHRYN S. SWANK, CSR (916) 390-7731

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INDEX

ITEM NO.		PAGE
	Open Session	5
	Pledge of Allegiance	6
Item 1.	Approval of Minutes Minutes of the September 9, 2021 Board Meeting	7
Item 2.	EDR2 Update	7
Item 3.	Legislative Matters 2022 Legislative Proposal A. FTB Installment Agreement Expansion	18
Item 4.	Regulation Matter 2022 Rulemaking Calendar	22
Item 5.	Taxpayers' Bill of Rights Hearing	25
Item 6.	Executive Officer's Time	46
Item 7.	Board Members' Time	51
	Adjournment	56
	Reporter's Certificate	57

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APPEARANCES

(All participants appeared via
videoconference and
teleconference.)

BOARD MEMBERS

BETTY YEE
State Controller
(Chairperson of the Board)

YVETTE STOWERS
Deputy State Controller

ANTONIO VAZQUEZ
Chairperson
Board of Equalization

GAYLE MILLER
Representative for Keely Bosler, Director
Department of Finance

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STAFF

SELVI STANISLAUS
Executive Director

CRISTINA RUBALCAVA
Board Liaison

JOZEL L. BRUNETT
Chief Counsel

SHANE HOFELING
Deputy Chief Counsel

RED GOBUTY

ANNETTE KUNZE

JOSE OROZCO

JENNIFER ROUSSEL

BRENDA VOET

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APPEARANCES CONTINUED

PUBLIC PARTICIPANTS

LYNN FREER
Spidell Publishing

CHRISTINE GRAB

REX HALVERSON
Rex Halverson & Associates

JOYCE CHENG
California Society of Enrolled Agents

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SACRAMENTO, CALIFORNIA

THURSDAY, DECEMBER 2, 2021 1:31 P.M.

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CHAIRPERSON YEE: Good afternoon. This is the scheduled time for the meeting of the Franchise Tax Board. Today is Thursday, December 2nd, just about 1:31 p.m.

Would the Board Liaison please call the roll to determine if a quorum is present.

MS. RUBALCAVA: Good afternoon.
Member Vazquez.

MEMBER VAZQUEZ: Present.

MS. RUBALCAVA: Member Miller.

CHAIRPERSON YEE: I expect that she'll be joining us momentarily.

MS. RUBALCAVA: Thank you.
And Chair-Controller Betty T. Yee.

CHAIRPERSON YEE: Here.

Thank you very much. With at least two members being personally present, there is a quorum and the Franchise Tax Board is now in session.

At this time, I would like those of you who are able to please stand and join me in the Pledge of Allegiance.

//

1 (Pledge of Allegiance was recited
2 in unison.)

3 CHAIRPERSON YEE: Thank you very much. Good
4 afternoon, and welcome to the Franchise Tax Board's
5 virtual Board meeting.

6 As the FTB continues to follow all appropriate
7 federal, state, and local guidance for public
8 gatherings, my fellow Board Members and I are attending
9 this Board meeting remotely, and the Franchise Tax Board
10 staff is following social distancing best practices.

11 The public has a right to comment on each agenda
12 item. And for today's meeting, members of the public
13 may comment via telephone by dialing (877) 226-8189.
14 Again, (877) 226-8189, with the access code of 1488909.
15 Again, the access code is 1488909.

16 Please be aware that there is a short delay
17 between the web live stream and the live event. If
18 there are any members of the public wishing to speak on
19 an item, you may speak when that item is called. And
20 you will have three minutes to address the Board.

21 If there are any members of the public wishing to
22 speak on an item, or you are using a translator or a
23 translator service, you will have six minutes to address
24 the Board. All speakers will be asked to identify
25 yourself for the record.

1 Members, the first item is -- on the agenda is
2 the approval of the minutes.

3 We have the minutes of the September 9th, 2021,
4 Board meeting before us.

5 Is there any member of the public wishing to
6 speak on this item, on the teleconference line?

7 PHONE MODERATOR: Ladies and gentlemen on the
8 phone, if you would like to place yourself in the queue
9 for public comment, as a reminder you may press 1, then
10 0, at this time.

11 No members of the public are queuing up at this
12 time. Please continue.

13 CHAIRPERSON YEE: Thank you, very much.

14 Do I have a motion for approval of the minutes?

15 MEMBER VAZQUEZ: So moved.

16 CHAIRPERSON YEE: Thank you, Member Vazquez.

17 And I will second that motion.

18 So it's been moved and seconded. And without
19 objection, such will be the order of the Board. Thank
20 you.

21 We'll now move on to Item Number 2, which is a
22 presentation on the EDR2 update, and this will be
23 presented by Jennifer Roussel and Jose Orozco, and this
24 is an informational item.

25 Good afternoon.

1 MS. ROUSSEL: Good afternoon, Madam Chair and
2 Members of the Board. My name is Jennifer Roussel, the
3 EDR2 Business Director for FTB. And with me today is
4 Jose Orozco, the EDR2 Technology Director.

5 Today we will be providing an informational
6 update on the Enterprise Data to Revenue Project, known
7 as EDR2. The last update we provided was in March of
8 2021.

9 We are very pleased to report that the project is
10 on track, and we are thrilled to share our progress to
11 date with you today.

12 I will touch very briefly on the background of
13 the project before we give you the full update.

14 We are in the second phase of FTB's tax systems
15 modernization plan. Phase 1, known as EDR1, was
16 completed in 2015. The project implemented our
17 foundational systems, including case management,
18 taxpayer folder, and MyFTB.

19 Phase 2, EDR2, which is our current project; the
20 implementation phase started on July 1st of this year.
21 The primary focus for the EDR2 project is to move our
22 aging Audit, Collections, and Filing Enforcement systems
23 on to the enterprise systems created in EDR1.

24 And in Phase 3, EDR3, we'll focus on replacing
25 our aging system -- sorry, our aging accounting systems.

1 Planning for EDR3 is scheduled to start in 2026.

2 There are four primary areas of functionality for
3 EDR2:

4 Case management. With case management, we will
5 bring the Audit, Legal, Collections, and Filing
6 Enforcement compliance programs on to the enterprise
7 case management platform, allowing us to retire several
8 legacy systems currently supporting these programs. The
9 new case management system will increase automation and
10 efficiencies, freeing up our staff to respond to the
11 most complex customer contacts.

12 With EDR2 modeling solution, we create new and
13 enhanced expert and analytic models to help improve case
14 selection and assist taxpayers in meeting their tax
15 obligations. Our modeling capabilities include the use
16 of new third party data sources, additional data from
17 the state and federal returns, and historical data.

18 With the use of analytic models, we introduce
19 artificial intelligence and machine learning into our
20 processes. The information provided by the analytic
21 models helps to inform and improve our decision-making
22 processes, but it does not replace our business rules
23 designed by FTB staff, in partnership with our Solution
24 Partner Team, which we introduced during our last Board
25 update.

1 Later in the presentation, we will share a bit
2 more about our process for implementing these
3 technologies with the utmost care, over time.

4 Data visualization. This expands our current
5 reporting and dashboarding capabilities, and it allows
6 users to self-serve and create their own data
7 visualizations, allowing easy and fast access to the
8 data that's needed to make decisions.

9 We also have numerous taxpayer self-services
10 coming with EDR2, and I'm only going to touch on some of
11 the most noteworthy services today.

12 E-filing taxpayers can verify they claimed the
13 right amount of estimated payments and withholding
14 before submitting their return, which means they will
15 not receive a correction notice and will not have to
16 contact us to resolve this issue. This saves both
17 taxpayers, their representatives, and the State, time.

18 We will enhance our electronic installment
19 agreement self-services, allowing for customers to
20 resolve their installment agreement changes on their
21 own, without the need to talk to a customer service
22 agent or wait for a response.

23 For those customers that may have a compliance
24 issue, they will be able to correct return information
25 or respond to compliance issues through new self-service

1 options, without having to speak to the customer service
2 agent, or wait for a response through the mail.

3 We plan to expand MyFTB to allow trusts and
4 withholding agents to use this service to get more
5 information on their accounts and activities.

6 And we will allow for a seamless transition
7 between self-service channels. For example, a customer
8 may start with chatting with us online, and if the chat
9 service is no longer meeting their needs, they can be
10 easily transferred to a customer service agent.

11 Now, Jose will share when the new functionality
12 in these four primary areas will be implemented
13 throughout the life of the project.

14 MR. OROZCO: Thank you, Jennifer.

15 Before we implement any new functionality in the
16 four primary areas that Jennifer described, we will
17 first implement several early initiatives during the
18 first year of the EDR2 project. These early initiatives
19 allow us to test out the new technologies we will be
20 using throughout the project and help bring more
21 taxpayers into compliance.

22 By the end of 2021, we will have implemented new
23 analytic models to improve personal income tax audit and
24 filing enforcement case selection. This is our first
25 introduction to using our new analytic modeling

1 capabilities, including the use of artificial
2 intelligence and machine learning.

3 These new and improved models will result in
4 identifying cases that will most likely result in
5 helping taxpayers comply and meet their tax obligations.
6 It will also improve the percentage of cases we work
7 that result in an assessment.

8 In addition, these early wins will help to
9 confirm the viability of the new analytic modeling
10 technology and techniques, which we will be introducing
11 in a manner and case that allows us to make modeling
12 improvements and address unforeseen issues easily and
13 quickly.

14 This reduces the risk of negative impacts to both
15 FTB's operations and taxpayers. Also, as of the end of
16 September, we have implemented the first set of PIT
17 audit analytic models. We have added two new assets for
18 collections. These assets are in the form of new
19 information returns, which are associated with taxpayers
20 with past due liabilities. These new pursuable assets
21 can be used by our collectors to help resolve
22 collections cases, especially those cases in which
23 taxpayers are not wage earners.

24 In June of 2022, we will implement our final
25 early initiative. We will replace the Collections PIT

1 payer file with a new payer file. The payer file is a
2 file that provides our Collections program with
3 pursuable assets that can be used in our automated and
4 manual collection efforts.

5 A new payer file will have more assets and
6 improve matching of debtors to assets. This will
7 increase collector productivity, increase flexibility in
8 choosing assets, increase revenue, and start the process
9 of replacing FTB's aging collections system.

10 In 2022, we will begin to release new
11 functionality in the four primary areas that Jennifer
12 mentioned. In 2022, we will implement the new PIT audit
13 candidate selection pilot. This solution is the
14 starting point to select cases for audits. It is also
15 the starting point for the cases that will be managed in
16 our new case management system.

17 In 2023, we will implement the new case
18 management system for Audit and Legal, which includes
19 functionality for both professional and paraprofessional
20 PIT audit workloads.

21 And we will implement new data visualizations for
22 these workloads.

23 We will also introduce new self-services for PIT
24 taxpayers and start capturing additional federal and
25 state return data for modeling.

1 You will notice a pattern for the next three
2 years. Every year, we add new workloads to the case
3 management platform, and those workloads receive new
4 modeling capabilities and self-services.

5 In 2024, we focus on Business Entity Audit, also
6 known as BE Audit and PIT Collections. BE Audit and PIT
7 Collections move to the case management system. We
8 implement new self-services, deploy new data
9 visualizations and models for those workloads.

10 We will continue to capture more data from tax
11 returns for modeling, make updates to our return
12 analysis system, and implement our new enterprise
13 knowledge library.

14 Then in 2025, we focus on BE Collections and PIT
15 Filing Enforcement, also known as PIT FE. BE
16 Collections and PIT FE move to the case management
17 system. We implement new self-services and employ new
18 data visualizations and new models for those workloads.
19 We also implement new return analysis analytic models.

20 Finally, in 2026, we focus on BE Filing
21 Enforcement, also known as BE FE. BE FE moves through
22 the case management system. We implement new
23 self-services and deploy new data visualizations and new
24 model for the BE FE workloads.

25 We look forward to providing future updates on

1 the progress of the project over the next five years.

2 We would like to thank you for all your support
3 throughout the planning and procurement phases as we
4 embarked on this very important project.

5 We would be happy to answer any questions you may
6 have.

7 CHAIRPERSON YEE: Thank you very much, Jose and
8 Jennifer, for the really extensive and exciting
9 presentation and the update.

10 Let me turn to Member Vazquez to see if he has
11 any questions or comments.

12 MEMBER VAZQUEZ: No real questions.

13 Just a quick comment. It sounds exciting, and
14 I'm looking forward to seeing this actually roll out.

15 The only -- actually, I guess I have one quick
16 question: I'm assuming, as you are moving this thing
17 out, with this new system in place, that it's also taken
18 into consideration some of the, hopefully, language
19 options some of these folks can use to access it; is
20 that correct?

21 MS. ROUSSEL: Yes. Any self-service that we put
22 out, as well as any of the outbound communications or
23 notices we generate, and so forth, will always meet the
24 new services requirements -- I'm sorry, language
25 requirements.

1 MEMBER VAZQUEZ: Thank you.

2 CHAIRPERSON YEE: Thank you, Member Vazquez.

3 I had a couple of questions, and I first just
4 want to confirm that, obviously, the Franchise Tax
5 Board, all of you have been doing some tremendous work
6 with so many new programs that have come online, and
7 just want to be sure that as we're standing up this
8 project timeline for EDR2, that none of that new
9 workload is going to be disrupting, you know, what we --
10 what you have just laid out here.

11 MR. OROZCO: Yes. We are keeping a close watch
12 on that, Controller Yee. And, thus far, all of the new
13 programs that we needed to stand up on time have been
14 stood up on time.

15 In addition to that, we've been able to redirect
16 some additional internal resources over to the EDR2
17 project. So as of today, things are moving very
18 smoothly.

19 CHAIRPERSON YEE: Excellent. Good. Good to
20 hear. Thank you.

21 And then I just had, really, out of curiosity,
22 and probably, really, without a lot of knowledge about
23 how some of these new technological tools work, are
24 there -- I guess the introduction of any new security
25 issues as we're using things like AI or other tools that

1 we need to be concerned about? Or is that really not
2 relevant with respect to things like audit selection and
3 some of the collections activities.

4 MR. OROZCO: So we do have a lot of requirements
5 in place to make sure that our solution meets a lot of
6 the different security requirements, so it is a robust
7 system.

8 In addition to that, we also have an independent
9 security assessment contractor that, on an annual basis,
10 is going to run an assessment on the EDR2 solution to
11 identify any security vulnerabilities. And we have
12 language in the prime contract that the prime vendor
13 will correct any findings that the independent security
14 assessment team finds.

15 CHAIRPERSON YEE: Great. Thank you. Thank you
16 for keeping that front and center as a priority focus.

17 Let me now turn to see if there are any members
18 of the public who wish to address the Board on this
19 item.

20 PHONE MODERATOR: Ladies and gentlemen on the
21 phone lines, if you would like to place yourself into
22 the queue for public comment, as a reminder, you may
23 press 1, then 0, at this time.

24 Currently we have nobody queuing up.

25 Please continue.

1 CHAIRPERSON YEE: Thank you very much.

2 Again, thank you, Jennifer and Jose, for the
3 terrific update. I look forward to the continued
4 progress and to the next update as we continue to
5 proceed. Really appreciate it.

6 MS. ROUSSEL: Thank you.

7 CHAIRPERSON YEE: Thank you.

8 Members, we're going to move on to Item Number 3,
9 which is a presentation on a legislative matter, and we
10 have Annette Kunze, who will present the 2022
11 legislative proposal. And this is an action item.

12 Good afternoon, Annette.

13 MS. KUNZE: Good afternoon, Madam Chair and
14 Member Vazquez.

15 My name is Annette Kunze, and I'm the Legislative
16 Director for the Franchise Tax Board.

17 And on an ongoing basis, FTB identifies possible
18 ideas for legislative proposals that can ease tax
19 administration, including the one presented before you
20 today, for your consideration.

21 In addition to presenting to you today, we also
22 recently held a stakeholder meeting on November 17th to
23 present this idea to the public for input, and the idea
24 seemed to be well received.

25 This particular proposal rates -- relates to

1 FTB's authority to enter into installment agreements.
2 This proposal would make changes to the current
3 installment agreement, or IA authority, to allow more
4 taxpayers the right to enter into an IA in certain -- if
5 they -- if -- with the FTB, if they meet specified
6 requirements and would extend the time for full payment
7 of an IA in certain situations.

8 Additional proposed changes would clarify when
9 FTB is required to enter into an IA and would also
10 clarify when FTB could alter, modify, or terminate an IA
11 under certain circumstances.

12 The proposed changes would also make it easier
13 for a taxpayer to qualify for an IA for liabilities up
14 to and including \$25,000, by allowing a taxpayer to
15 submit an application for an installment agreement,
16 which is presumed to be proof of the taxpayer's
17 inability to pay the liability in full, and the
18 taxpayer's compliance with other requirements.

19 This would increase the amount of liability and
20 the length of the payment period of IAs that FTB is
21 required to enter into, and ultimately reduce barriers
22 to enter into the process.

23 FTB's experience is that the sooner a taxpayer
24 enters into an IA, the more likely they are to pay their
25 liability and the -- and as more time passes, the

1 collection rate decreases, and it can become more
2 expensive for FTB to pursue collection activity.

3 The proposed modifications to the overall IA
4 process would enhance the taxpayer experience by
5 expanding the scope of taxpayers with the right to enter
6 into an IA.

7 If enacted in the 2022 legislative session, this
8 proposal would be effective and operative beginning
9 January 1, 2023, and would apply to installment
10 agreements entered into on or after that date.

11 Implementing the proposed changes would occur
12 during the department's normal annual update, and there
13 are no departmental costs associated with this proposal.

14 Additionally, I would also like to mention that
15 we'll continue to seek authors for prior Board-approved
16 proposals as well.

17 Thank you for your time today, and we
18 respectfully request your Board's approval on this
19 legislative proposal.

20 And I'm happy to answer any questions.

21 CHAIRPERSON YEE: Great. Thank you, Annette,
22 very much for the presentation. Really appreciate this
23 proposal to facilitate installment agreements for a
24 greater number of taxpayers, and, as you say, will
25 enhance the taxpayer experience with the Franchise Tax

1 Board.

2 Member Vazquez, any questions or comments on this
3 proposal?

4 MEMBER VAZQUEZ: Yeah. Just a quick comment: I
5 would just echo your thoughts and I think, you know,
6 anything we can do to make it easier and hopefully more
7 efficient for the taxpayers is great.

8 CHAIRPERSON YEE: Great. Thank you.

9 Yeah. Sometimes it's just taking that first step
10 to have them come forward --

11 MEMBER VAZQUEZ: Exactly.

12 CHAIRPERSON YEE: -- and to enter into the
13 agreement.

14 Thank you.

15 Let me now turn to see if there are any members
16 of the public who wish to address the Board on this
17 item.

18 PHONE MODERATOR: Ladies and gentlemen on the
19 phone lines, if you would like to place yourself into
20 queue for public comment, as a reminder, you may press
21 1, then 0, at this time.

22 Currently we have no members of the public
23 queuing up.

24 You may continue.

25 CHAIRPERSON YEE: Thank you very much.

1 Member Vazquez, I'm prepared to move the staff's
2 2022 legislative proposal.

3 May I have a second?

4 MEMBER VAZQUEZ: You have a second.

5 CHAIRPERSON YEE: Great. Thank you very much.

6 Without objection -- actually, do we need a roll
7 call on this?

8 MR. HOFELING: Yes, please.

9 CHAIRPERSON YEE: OKAY. Let me ask -- yes.
10 Let's have a roll call on this item, then.

11 MS. RUBALCAVA: Member Vazquez.

12 MEMBER VAZQUEZ: Aye.

13 MS. RUBALCAVA: Member Miller.

14 CHAIRPERSON YEE: Not present.

15 MS. RUBALCAVA: Controller-Chair Yee.

16 CHAIRPERSON YEE: Aye.

17 Thank you very much. That motion passes.

18 Great. Thank you, again, Annette.

19 MS. KUNZE: Thank you.

20 CHAIRPERSON YEE: All right. We are now going to
21 move on to Item Number 4, and this will be a
22 presentation on a regulation matter, with the adoption
23 of the rulemaking calendar. This is also an action
24 item, and I'm going to look to Red Gobuty to make the
25 presentation.

1 Good afternoon.

2 MR. GOBUTY: Thank you very much. Thank you.

3 And good afternoon.

4 My name is Red Gobuty, and I am a Tax Counsel IV
5 with the Legal Division's Technical Resources Bureau.

6 As required by Government Code section 11017.6,
7 on a yearly basis, FTB delivers a Board approved
8 rulemaking calendar to the Office of Administrative Law,
9 providing required information on regulatory items FTB
10 plans to transmit for review and approval as part of the
11 rulemaking process during the year.

12 The 2022 rulemaking calendar, in your materials,
13 shows the regulation projects FTB staff plans to work on
14 during the 2022 calendar year.

15 And this year, we have a new item on the
16 calendar, which is identified on the first page of the
17 material. This project, for potential amendments to
18 25137-14, will explore adding a definition of
19 "beneficial owner" to clarify the application of the
20 regulation to asset managers that provide services to
21 regulated investment companies.

22 As in the past, this Board's approval of the
23 calendar, and any new items identified on it for which
24 staff has not previously received Board approval to
25 begin the informal regulatory process, serves as an

1 explicit approval by the Board to allow staff to begin
2 the informal regulatory process and hold interested
3 parties meetings for all calendared items.

4 And at this time, I would now ask for the Board's
5 approval of the 2022 rulemaking calendar.

6 CHAIRPERSON YEE: Thank you very much, Red.

7 Member Vazquez, any questions or comments on this
8 item?

9 MEMBER VAZQUEZ: No. I'm good.

10 CHAIRPERSON YEE: Okay. Very well.

11 Let me turn to the operator to see if there are
12 any members of the public who wishes to address the
13 Board on this item.

14 PHONE MODERATOR: Ladies and gentlemen on the
15 phone lines, if you would like to place yourself into
16 queue for public comment, as a reminder, you may press
17 1, then 0, at this time.

18 At this time, there is no public comments queuing
19 up.

20 Please continue.

21 CHAIRPERSON YEE: Great. Thank you very much.

22 Member Vazquez, may I have a motion on this item
23 to approve the 2022 rulemaking calendar?

24 MEMBER VAZQUEZ: So moved.

25 CHAIRPERSON YEE: Okay. We have a motion by

1 Member Vazquez. I will second that motion.

2 May we have a roll call.

3 MS. RUBALCAVA: Member Vazquez.

4 MEMBER VAZQUEZ: Aye.

5 MS. RUBALCAVA: Controller-Chair Yee.

6 CHAIRPERSON YEE: Aye.

7 All right. That motion passes, with Ms. Miller
8 not in attendance, so such will be the order. Thank you
9 very much.

10 All right. Let's move on next to Item Number 5.
11 This is something that we look forward to just really
12 having the opportunity to host the Annual Taxpayers'
13 Bill of Rights Hearing.

14 This is the time set for the Board's annual
15 Taxpayers' Bill of Rights Hearing, as required by
16 section 21006 of the Revenue and Taxation Code. The
17 purpose of this hearing is to allow taxpayers and tax
18 practitioners the opportunity to present, directly to
19 the Board, any proposals they have for changes in
20 existing state income tax law.

21 Our Franchise Tax Board staff is available to
22 respond to member questions, which may be raised as a
23 result of taxpayer proposals.

24 Present are Selvi Stanislaus, our Executive
25 Officer; Jozel Brunett, our Chief Counsel; Shane

1 Hofeling, our Deputy Chief Counsel; Annette Kunze, our
2 Legislative Services Bureau Director; and Brenda Voet,
3 our Taxpayer Rights Advocate.

4 Staff will analyze the fiscal and administrative
5 consequences of the proposals, and Brenda has some
6 introductory remarks, our Taxpayer Rights Advocate. And
7 then we will open it up for public comment. If
8 individuals need electric switching system assistance,
9 they can call 1-800-883-5910. And when prompted, press
10 5, and then follow the additional prompts. Again, if
11 you need ESS assistance, please call 1-800-883-5910,
12 and, when prompted, press 5, and then follow the
13 additional prompts.

14 Brenda, let me turn to you and ask you to make
15 your introductory comments. Good afternoon.

16 MS. VOET: Thank you very much. Good afternoon.
17 And thank you, Madam Chair and Board Members.

18 My name is Brenda Voet, and I'm your new Taxpayer
19 Advocate.

20 2021 has been a year of renewal, a year in which
21 we continue to build our successes of how we do
22 business, while safeguarding the health and wellbeing of
23 our steadfast employees; a year in which the Franchise
24 Tax Board has successfully collaborated with your
25 department, Madam Chair, to provide Golden State

1 Stimulus payments to hundreds of thousands of
2 Californians; and a year in which the Taxpayer Rights
3 Advocate Office said goodbye to many outstanding public
4 servants and welcomed new outstanding public servants.

5 I would like to thank Selvi, this Board, and the
6 tax professional communities for their warm welcome and
7 support during our time of transition.

8 Although the names and faces in the Advocate
9 Office may have changed, our commitment to help
10 taxpayers who have been unable to resolve their tax
11 problems through our normal channels, to protect the
12 rights, and ensure that the Franchise Tax Board handles
13 their tax problems promptly and equitably remains as
14 strong as ever.

15 As we transition into receiving comments and
16 concerns, I would like to take a moment to thank
17 participants of our previous Taxpayers' Bill of Rights
18 meetings. The issues they raised help us to improve
19 processes and services.

20 For example, last year, CSEA raised concerns
21 about how we were providing healthcare mandate
22 information. This led to the creation of a one-step
23 webpage containing helpful information and links to
24 things such as videos and a penalty estimator tool.

25 For the speakers calling in today, I want to let

1 them know, we will review their comments and concerns
2 presented, and are committed to respond in writing by
3 February 1st, 2022. The responses will also be posted
4 on the Franchise Tax Board's website.

5 You can go to ftb.ca.gov and search for "your
6 taxpayer rights," and this will take you to where the
7 responses will be posted.

8 If you would also like our responses mailed to
9 you, and if you did not submit a formal letter prior to
10 this hearing, then all you need to do is provide us with
11 your name and mailing address. And you can do this by
12 e-mailing it to ftbadvocate@ftb.ca.gov. This e-mail
13 address can also be found on our website by searching
14 for "taxpayer advocate services."

15 Thank you, Madam Chair.

16 CHAIRPERSON YEE: Thank you very much, Brenda.

17 Before we proceed, let me welcome Board Member
18 Miller to the meeting and welcome -- who is here
19 representing the Director of Finance.

20 We will open it up for --

21 MEMBER MILLER: Sorry for being late.

22 CHAIRPERSON YEE: No problem. Glad to have you
23 join us.

24 We will open it up now for any member of the
25 public who wishes to make a comment, and please remember

1 to introduce yourself and who you represent.

2 And, if applicable, we would like to request that
3 you limit your comments to five minutes to ensure that
4 everyone will have time to speak. So let me now turn to
5 the operator to see if there are any members of the
6 public wishing to speak on this item from the
7 teleconference line.

8 PHONE MODERATOR: Ladies and gentlemen on the
9 phone lines, if you would like to place yourself into
10 queue, as a reminder, you may press 1, then 0, at this
11 time.

12 Our first comment comes from the line of Lynn
13 Freer. Please go ahead.

14 CHAIRPERSON YEE: Good afternoon, Ms. Freer.

15 MS. FREER: Thank you very much.

16 Dear Board Members, Executive Officer Selvi
17 Stanislaus, and the FTB staff.

18 Well, here we are again. It's been many years
19 that I've been with you, talking about the issues for
20 practitioners and taxpayers. I thank you for the
21 opportunity to then present our suggestions and
22 comments.

23 In 2020 --

24 CHAIRPERSON YEE: Ms. Freer -- Ms. Freer, would
25 you please state your name for the record and who you

1 represent, please.

2 MS. FREER: Oh, I'm sorry. Lynn Freer, Spidell
3 Publishing.

4 CHAIRPERSON YEE: Thank you. Welcome.

5 MS. FREER: So as I was saying, in 2020, the
6 Franchise Tax Board was amazing at going through the
7 pandemic changes, informing the public quickly and
8 accurately.

9 However, this year, I can't say the same thing.

10 We've had two major new tax bills that are both
11 very complicated, AB 80 and AB 150. Our written
12 guidance points out how slow and inaccurate release of
13 information to taxpayers and the media over this past
14 six or eight months. Over the years, Spidell
15 Publishing, along with CSEA and the Cal Society, and our
16 association have worked in partnership with the
17 Franchise Tax Board to provide critical and, more
18 importantly, accurate information to taxpayers.

19 This year, when we and the others have asked for
20 guidance, we were told that the guidance would be
21 provided online when the FTB had sorted things out and
22 they would -- and in the form of FAQs.

23 When that guidance was finally provided a little
24 bit at a time, it was often inaccurate. We had asked
25 the Franchise Tax Board to let us see and comment upon

1 and edit things before they put them on the website, and
2 we were told that we would have to wait until the
3 website went live.

4 This has been something that we have done in the
5 past, not only Spidell, but as I said, Cal Society, the
6 Bar Association, and CSEA, but, for some reason, we were
7 excluded from that process this year. And when the
8 website went live, there was inaccurate and misleading
9 information there.

10 I want to know why you are no longer using your
11 partners to at least take a look at things before you
12 send them out.

13 In fact, there are still critical questions that
14 need answers, so taxpayers may make their elective
15 payments before the end of year. These are not yet been
16 answered, and we don't know when they will be, and here
17 it is, December. We get questions on our message board,
18 probably two or three a day, on this topic alone.

19 Also, I would like to reiterate my previous
20 thoughts on the FTB's website. It's poorly designed and
21 doesn't contain important links on the homepage for
22 anyone who is doing any real research or any in-depth
23 research on the website. It's very vague and, really,
24 all you can do is search.

25 We were told initially that this was because of a

1 state mandate to use -- or a statewide application that
2 was going to be used. But when I go to all the other
3 websites -- the CDTFA, the EDD, and the Board of
4 Equalization -- they all have some drop-down menus that
5 make finding this kind of information quick and easy.

6 In closing, I would like to say that I understand
7 that the Franchise Tax Board, like most businesses, is
8 losing baby boomers to retirement, and the current
9 hiring climate is very difficult to find new and
10 qualified people.

11 This just means that the partnership with us and
12 the other organizations I mentioned is critical, and I
13 would just like to see things go back to the way they
14 were prior to about the middle of this year.

15 Thank you so much. I would be happy to provide
16 any additional information at a later time.

17 CHAIRPERSON YEE: Thank you very much, Ms. Freer.
18 We're always welcoming of your comments and really
19 appreciate the observations, and we will take those
20 under submission and providing a response to you in the
21 early part of next year. Thank you.

22 Operator, may we have the next member of the
23 public who wishes to address the Board on this item.

24 PHONE MODERATOR: Yes. Our next member of the
25 public is Christine Grab. Please go ahead.

1 CHAIRPERSON YEE: Okay. Good afternoon,
2 Ms. Grab.

3 MS. GRAB: Hi. Good afternoon.

4 My name is Christine Grab, and I present ten
5 requests:

6 1: In California, a creditor is required to
7 prove to a judge that a debt is owed and get the
8 magistrate's order to protect a wage garnishment, bank
9 levy, or lien. The exception seems to be the tax
10 bureaus. I request that this loophole be closed and
11 that the tax bureaus be required to prove to a superior
12 court judge that the debt is legally owed prior to the
13 collection tools.

14 2: The IRS treats married couples as one tax
15 paying entity from the moment the couple notifies them
16 of marriage, until the couple notifies them that the
17 marital status has changed. FTB does not follow this
18 precedent. FTB readily admits it treats married people
19 differently than single people in a manner which
20 penalizes them for being married.

21 This is a violation of the 14th Amendment of the
22 U.S. Constitution, which states that government has to
23 treat all classes of people equally. I request that
24 California law be immediately changed to conform with
25 federal guidelines.

1 3: FTB collects many types of payments that it
2 does not immediately credit to taxpayers' accounts. I
3 request full disclosure of all policies and procedures
4 surrounding these payments, including an exhaustive list
5 of all types of payments that are not immediately
6 applied when these payments are applied, the procedures
7 in place to ensure the money is applied, and which laws
8 justify these practices.

9 Furthermore, I request specific identification of
10 the custodian of the withheld monies, at what point the
11 monies are considered revenue by the State of
12 California, whether spending is authorized on the
13 suspense accounts containing the withheld monies, and,
14 if so, who legally may spend this money and for what
15 purpose.

16 4: I request an exhaustive list of all payments
17 which are immediately applied to the taxpayer's account,
18 upon receipt by FTB.

19 5: For the purpose of calculating interest, FTB
20 only recognizes some of the payments that have been made
21 and only portions of other payments that have been made.

22 I request full disclosure of the policy and
23 guidelines to determining which payments and portions of
24 payments are withheld for the purpose of calculating
25 interest.

1 6: Several people have contacted me to tell me
2 that FTB sent them a letter saying that if they didn't
3 waive their right to protest a Notice of Proposed
4 Assessment, they would be penalized an additional \$5,000
5 on top of the penalties that had already been imposed.

6 This is extortion, coercion, and conspiracy
7 against rights per Federal Code 18 USC 241 and 242. I
8 request that FTB immediately cease this practice.

9 7: I am requesting that all payments and
10 correspondence that FTB receives is processed within 24
11 hours.

12 Currently, FTB processes correspondence received
13 via free or low cost methods, slower than it processes
14 correspondence sent via expensive methods. I believe
15 that penalizing the poor violates the 14th Amendment of
16 the Constitution.

17 8: I request that FTB comply with R&TC 19117 by
18 putting full amortization schedules on each bill. The
19 information should include the principal balance,
20 interest rate, the dates that interest began accruing,
21 and why some payments or portions of payments are not
22 included in the principal balance.

23 9: Revenue & Tax Code 19087 states that a Notice
24 of Proposed Assessment can only be issued on accounts
25 that have an outstanding tax liability due for that

1 year.

2 As discussed in Item 3, FTB withholds some
3 payments from NPA totals. I request the legal codes
4 which justify not crediting all the payments on the NPA.

5 FTB also does not allow protests of NPAs, on the
6 basis that the full amount of money collected was not
7 reflected on the NPA total.

8 I request the legal codes to justify this denial
9 of the rights to protest on these grounds.

10 10: On FTB's website, it states, "The Taxpayer
11 Rights Advocate will not accept your case if it
12 questions the constitutionality of the tax system or tax
13 laws."

14 This is unconscionable. It is the job of the
15 advocate to ensure that the taxation agency properly
16 follows federal and state laws.

17 Ms. Voet has sworn an oath to bear true faith and
18 allegiance to the Constitution of the United States and
19 the Constitution of the State of California.

20 I request that this guideline be immediately
21 eliminated so that Ms. Voet can do her job of protecting
22 taxpayers in accordance with her sworn oath. I believe
23 that failure to do so constitutes criminal malfeasance.

24 Thank you.

25 CHAIRPERSON YEE: Thank you, Ms. Grab, very much,

1 and thank you for submitting your points in writing as
2 well.

3 Operator, do we have another member of the public
4 who wishes to address the Board on this item?

5 PHONE MODERATOR: Yes. Our next member of the
6 member is Rex Halverson. Please go ahead.

7 CHAIRPERSON YEE: Good afternoon, Mr. Halverson.

8 MR. HALVERSON: Good afternoon, Controller Yee.

9 I'm Rex Halverson, and I represent the firm Rex
10 Halverson & Associates.

11 I'm going to bring or discuss four points. I
12 have added one since last night. And these were raised
13 by taxpayers that have called me, none of which are
14 present clients or were clients at any time.

15 The first involves the passthrough entity tax.
16 I'm hearing from several taxpayers -- and these are
17 large CPA firms -- that the PTE tax needs further
18 amendment. According to these taxpayers, when
19 California passed AB 150, a workaround to the \$10,000
20 limit on the federal deduction for state local taxes.
21 It permits eligible passthrough entities to annually
22 elect to pay a special tax at a 9.3 percent rate on the
23 income allocable to certain participating owners of
24 these entities. It's referred to as the PTE tax. And
25 then to claim the related tax payments as business

1 deduction.

2 The result is that participating owners receive a
3 larger deduction for state taxes on their federal income
4 tax returns and that tax credit equal to their share of
5 PTE tax paid on their California state returns.

6 I'm not going to quote the statute since they are
7 included in my written submission to the FTB. But, in
8 sum, it appears that without a legislative fix, the
9 California PTE tax printed is not creditable against
10 California TMT, and the FTB knows that.

11 In their frequently asked questions put on the
12 site October 1, the FTB added this question:

13 "Can the PTE credit reduce the amount of tax
14 below the tentative minimum tax?"

15 The answer: "No. The PTE tax credit does not
16 reduce the amount of tax due below the tentative minimum
17 tax."

18 Without a legislative fix, the California PTE tax
19 election may not mitigate the SALT deduction cap as
20 intended. While the TMT does not apply to income,
21 adjustments in tax preference items attributable to
22 trades or businesses, when the aggregate gross receipts
23 of the trades or businesses are less than \$1 million,
24 such moderate income taxpayers are likely subject to a
25 California tax rate less than a 9.3 percent rate imposed

1 on electing PTEs.

2 And the exclusion of the California TMT from the
3 PTE tax credit is a significant drawback for high income
4 taxpayers considering the election. This, along with
5 the credit's other disadvantages -- one, it's not
6 refundable, and can only be carried forward for five
7 years -- may make that election unadvisable for many
8 taxpayers.

9 I apologize for leaving out number 2.

10 Accordingly, the FTB has encouraged this
11 amendment by the California Legislature, correct the
12 oversight, rather than let this situation continue.

13 CHAIRPERSON YEE: Excuse me, Mr. Halverson.

14 Mr. Halverson, I -- let me make a suggestion.

15 You cited a new issue that was not previously
16 included in your written submission. May I suggest,
17 within your time allotment, that you move to the new
18 issue, since we do have your testimony in writing, for
19 the issues that you have already submitted. I just want
20 to be sure you get your new issue in.

21 MR. HALVERSON: Okay.

22 CHAIRPERSON YEE: Okay.

23 MR. HALVERSON: I will be glad to.

24 The last issue I was going to raise is MyFTB. I
25 have complained for six years about MyFTB and the power

1 of attorneys, the forms.

2 FTB still rejects 60 to 70 percent of my POAs,
3 and they are for all sorts of reasons: Electronic
4 signatures and numerous other things.

5 I have had it, and I'm not alone. When I talk to
6 my colleagues, they tell me that their reject rates are
7 similar, cost clients money, it makes my firm look bad,
8 it makes me look bad, and no one at FTB seems to care.

9 The IRS accepts a faxed POA, even though the font
10 is size 8 or 9, and you get immediate help from the IRS
11 when you fax them a copy of the POA.

12 FTB says, no, we got to process them and it takes
13 weeks, and it treats us like identity thieves.

14 MyFTB also rejects log-ons after typing in the
15 four- to six-letter and number code.

16 It's extremely frustrating and has led me to
17 consider not accepting any more FTB tax matters. I beg
18 you to go back to paper POAs, or exempt tax
19 professionals from MyFTB. If you don't, you are going
20 to end up with a -- with fewer tax professionals
21 assisting clients with FTB income tax matters. Instead,
22 your staff will have to handle them; and if that's the
23 intent of the FTB, you win.

24 Thank you.

25 CHAIRPERSON YEE: Thank you, Mr. Halverson.

1 Really appreciate your input on all of these
2 issues, and we do have the first -- we have three of
3 them in writing, and I really did want to be sure you
4 had time to speak to your fourth issue. So really
5 appreciate the comments.

6 Operator, let me turn to you.

7 Is there -- who is our next member of the public
8 who wishes to address the Board on this issue?

9 PHONE MODERATOR: Ladies and gentlemen, as a
10 reminder, if you would like to speak as a member of the
11 public, you need to press 1, then 0, at this time.

12 And we do have a line of Joyce Cheng.

13 Please go ahead.

14 CHAIRPERSON YEE: Good afternoon, Ms. Cheng.

15 MS. CHENG: Good afternoon. Thank you.

16 Joyce Cheng on behalf of California Society of
17 Enrolled Agents, and thank you to the members and FTB
18 representatives in attendance.

19 CSEA's participation -- the Taxpayers' Bill of
20 Rights Hearing -- is a high priority for our membership,
21 and we've been doing so for more than a decade, and we
22 always appreciate the attention given to our concerns.

23 We commend you and your office for continued
24 assistance -- the Taxpayer Advocate Office -- for
25 continued assistance.

1 This year, we had two issues we felt were needed
2 to bring forward. After Mr. Halverson's presentation on
3 AB 150 -- I will quickly summarize -- we raised that
4 issue as well. From our standpoint, it does seem to
5 need some amending. It's not -- it's not doing what it
6 intended to do. And you have it in writing. We'll be
7 happy to follow up and work with anybody who, you know,
8 wants -- wants our input, which does come from our
9 members.

10 The second issue that we raised this year is a
11 nonfiler compliance issue: The use of occupational
12 licenses as a source of information. CSEA supports FTB
13 efforts to ensure that all taxpayers and California
14 filing requirements file returns. However, CSEA members
15 and taxpayers have raised issues of FTB's use of average
16 income relative to occupational licenses held as source
17 of information for assessing tax when a client receives
18 a filing enforcement notice.

19 This practice often oversteps the broad
20 discretion necessary to make determinations when FTB
21 does not get cooperation from the taxpayer.

22 In 2018 -- in June 2018's "Tax News," the FTB
23 stated it uses active licensing information from
24 California occupational and professional licensing
25 boards as its indicator that a taxpayer may be engaged

1 in an income-generating activity.

2 Additionally, the tax assessment on individuals
3 who are engaged in income-generating activities, but
4 have not filed, is based on an estimate of the income of
5 the taxpayer who holds a license, by averaging the
6 income from all other license holders from the same
7 licensing board, and who also filed a federal tax return
8 with a California address.

9 While this information may be an indicator of a
10 taxpayer's filing requirement or tax obligation, it
11 often fails to accurately capture the realistic taxpayer
12 situation.

13 The issue is particularly harmful for taxpayers
14 when FTB erroneously enforces collection actions,
15 despite little evidence that a California filing
16 requirement exists or that the relevant income is
17 similar to the above criteria.

18 Despite the FTB's statement that they understand
19 that every individual of an active occupational license
20 derives income from it, CSEA members report that, in
21 practice, no response cases are routinely and
22 automatically assessed tax based on estimated income
23 related to their occupational license.

24 CSEA requests that the FTB review its policies
25 and practices so that no response cases are not

1 routinely subjected to this practice, without additional
2 steps to ascertain proof of actual income before making
3 an assessment.

4 Additional procedures could include more robust
5 attempts to contact the taxpayer before assessment. The
6 fact that cases are erroneous assessments comes to light
7 once enforced collection is implemented, it just -- FTB
8 has the internal tools to analyze the taxpayer situation
9 when it is time to collect taxes. So CSEA asks that
10 those same tools be used to analyze the taxpayer
11 situation when proposed assessments are made.

12 Reports from CSEA members indicate that a series
13 of lengthy and time consuming engagements with FTB are
14 necessary to correct erroneous assessments. This means
15 FTB is also spending valuable resources on the same
16 cases that often result in zero tax due. It would be in
17 everyone's best interest to avoid that issue and
18 expenditure of resources, by adopting a more holistic
19 approach to no response tax assessments.

20 In essence, the FTB is assuming there's a tax
21 liability and pursuing all the way through assessments
22 based upon no response from a taxpayer. But when the
23 assessment is live and valid, they have the ability to
24 locate the taxpayer.

25 So we would like to see a more robust -- robust

1 attempt to contact the taxpayer, because not every no
2 response is an actual case that has a liability attached
3 to it.

4 CSEA is always available to discuss our issues in
5 greater depth and to offer assistance in any way. Thank
6 you for your attention to these matters.

7 CHAIRPERSON YEE: Thank you very much, Ms. Cheng,
8 for bringing these items before us. Always very
9 appreciative of the partnership with the California
10 Society of Enrolled Agents.

11 Thank you.

12 Operator, our next member of the public who
13 wishes to address the Board on this item?

14 PHONE MODERATOR: No members of the public are
15 queuing up at this time.

16 Please continue.

17 CHAIRPERSON YEE: Great. Thank you very much.
18 Brenda, any closing remarks on this item?

19 MS. VOET: Just, once again, I would like to
20 thank all of those who called in and shared with us
21 their concerns. Their partnership really does help us
22 to look and see the policies and procedures that we're
23 doing and analyze the product and services that we're
24 able to provide to them.

25 CHAIRPERSON YEE: Great. Thank you, Brenda.

1 Definitely echo that.

2 Members, any questions -- any comments on this
3 item before we move on?

4 (No response.)

5 CHAIRPERSON YEE: All right. Thank you.

6 So now, Members, we'll move on to Item Number 6,
7 and this is the Executive Officer's Time. And I will
8 now turn it over to Selvi Stanislaus. Selvi?

9 EXECUTIVE OFFICER STANISLAUS: Thank you so much,
10 Madam Chair, and good afternoon, Board Members.

11 So I want to start by thanking our Board and my
12 FTB family and recognize all of the great work,
13 guidance, and partnership that have made this year
14 successful.

15 So, much like last year, 2021 brought many
16 challenges spurred by the pandemic, but through hard
17 work, innovation, and determination, we once again
18 overcome our challenges and achieve some wonderful
19 accomplishments.

20 So as the year comes to a close, I just want to
21 share with you some of the highlights:

22 So we successfully postponed the tax filing and
23 payment date from April 15th to May 17th. Like in 2020,
24 we had to work out issues touching all areas of the
25 department, including legal authority, IT changes,

1 operational logistics, and communications.

2 We had a very successful filing season. About
3 21.7 million tax returns were filed this year, through
4 November, up by over 1 million returns during the same
5 period last year. We had 87.3 billion in deposits, and
6 have processed over 15.4 million refunds, sending a
7 total of \$18.89 billion to California taxpayers. So for
8 this year, nearly 4.3 million CalEITC credits have been
9 awarded. The combination of CalEITC and Young Child Tax
10 Credits combined amount to more than \$1.2 billion.

11 Also, FTB took on the huge and most rewarding
12 task of the year, to administer the Golden State
13 Stimulus payments to eligible Californians.

14 The State has issued about 4.4 million GSSI
15 payments this year, worth almost \$2.8 billion, as well
16 as 6.5 million GSSII payments worth nearly \$4.7 billion.

17 And like I said, to us, it was one of our most
18 rewarding tasks of the year.

19 Also here at FTB, we take our responsibilities to
20 provide education and outreach very seriously. We pride
21 ourselves on our education efforts, whether by way of
22 our website materials, or by the way of events to help
23 taxpayers file their returns timely, pay the correct
24 amount, and to make tax compliance easier.

25 We gave several presentations to various trade

1 groups at events including CalCPA, CSEA, tax
2 conferences, and the list goes on.

3 We also helped foreign scholars from the
4 University of California at Davis, Irvine, and Santa
5 Barbara learn about the California income tax filing
6 requirements, as well as other groups, such as the East
7 Bay Association of Enrolled Agents, and the Pacific
8 Islanders CPAs.

9 And also, our FTB staff continues to provide our
10 customers with excellent service. In fact, our Field
11 Officers received a 4.5 out of 5 star rating due in
12 large part of their customers' services.

13 So these are just a few of our highlights from
14 the last year.

15 I can't begin to express how impressed I am with
16 the way we have continued to excel amid work and
17 lifestyle changes. So, staff, thank you again for all
18 you do.

19 In addition, I would like to extend a heartfelt
20 thank you to our partners in the taxpayer community who
21 have continued to be a valuable resource. FTB wouldn't
22 be successful without the continued support and guidance
23 from our taxpayer community.

24 And, last, but certainly not least, I want to
25 express my gratitude to you, Board Members, who always

1 provide valuable perspective and experience. FTB's
2 continued success, despite all our challenges of the
3 pandemic, is due largely to the outstanding leadership
4 and forward thinking that each one of you has provided
5 to FTB and to me as well.

6 So once again, Board Members, thank you,
7 everyone, for your time.

8 CHAIRPERSON YEE: Thank you very much, Selvi, for
9 the comments, and it has been an extraordinary year.
10 And let me just add my thanks to the entire FTB team for
11 really not missing a beat and continuing to do the work
12 that our taxpayers expect in California.

13 Let me turn it over to our members to see if
14 there are any comments or questions.

15 MEMBER VAZQUEZ: Just one quick one, Madam Chair.

16 CHAIRPERSON YEE: Yes, Member Vazquez.

17 MEMBER VAZQUEZ: I would like to thank staff and
18 especially Selvi, you know, over this last year. I know
19 it's been some difficult times with this whole pandemic,
20 but several constituents or taxpayers that have called
21 my office, or called me, about situations, and I have
22 shared those and passed them on to staff, and they have
23 been really good about troubleshooting them and
24 advocating on their behalf. So I just wanted to thank
25 staff for that.

1 And while I know we heard some comments earlier
2 today from the public on the Bill of Rights Hearing we
3 just completed, and I know -- and I know you -- Madam
4 Chair, you mentioned that we're going to do our best to
5 look into some of those situations and see if we can't
6 improve --

7 CHAIRPERSON YEE: Yes.

8 MEMBER VAZQUEZ: -- and I just wanted to echo
9 those thoughts and thank staff.

10 CHAIRPERSON YEE: Thank you, Member Vazquez.
11 Appreciate those comments.

12 Member Miller, anything?

13 MEMBER MILLER: I would -- I would like to build
14 on that, just to Ms. Stanislaus and the entire team at
15 FTB.

16 I get the privilege of working with a lot of our
17 partners in the state, and the professionalism and the
18 grace that you bring to everything you do is really
19 phenomenal. I always learn a lot from your team. I
20 appreciate and respect all of you a great deal.

21 And I'm especially humbled by the idea of how
22 much we do learn from the Taxpayers' Bill of Rights. I
23 thought Brenda's examples were fantastic, and that we
24 are and can all do better if we do commit to working
25 together. And you have set a really great model for

1 that, and I'm very grateful for it.

2 So thank you, Madam Chair, for allowing me to
3 speak.

4 CHAIRPERSON YEE: Thank you, Member Miller.
5 Appreciate that.

6 All right. Let me turn to the operator to see if
7 there is any member of the public who wishes to address
8 the Board on this item, on the Executive Director's
9 Time.

10 PHONE MODERATOR: Ladies and gentlemen on the
11 phone lines, if you would like to place yourself in the
12 queue for public comment, as a reminder, please press 1,
13 then 0, at this time.

14 No members of the public are queuing up at this
15 time.

16 Please continue.

17 CHAIRPERSON YEE: Thank you, Operator.

18 Thank you, Selvi, very much, for the comments.

19 And again, just really tremendous gratitude and
20 congratulations on a successful year.

21 Members, we are now going to move to Item 7; this
22 is Board Members' Time. And let me just look to Members
23 Vazquez and Miller for any comments or items you want to
24 bring forward.

25 MEMBER VAZQUEZ: Madam Chair, the only item I --

1 and, actually, it's just more of a comment.

2 CHAIRPERSON YEE: Yes.

3 MEMBER VAZQUEZ: I had an opportunity, during my
4 briefing with staff, to share some thoughts, and I just
5 want to echo them again. And that is that I'm really
6 looking forward, hopefully, to this next year when we're
7 finally -- it looks like we might be able to meet again
8 in person, at least have that interaction, not only with
9 staff but the members of the public, and see what we can
10 do.

11 And hopefully learn from some of these issues
12 that have come up because of the pandemic. And I know
13 we -- I have shared this with staff a little bit, that,
14 you know, moving forward, while, you know, the pandemic
15 has been really hurtful in terms of interaction with the
16 public, I think it's also brought to light some of the
17 issues that maybe we could create some savings moving
18 forward, in terms of office space.

19 And, you know, I know Selvi had mentioned in my
20 comment -- or at least in my conversation with her,
21 during my briefing, that they are possibly looking at
22 some kind of a hybrid system where, you know, maybe
23 50 percent of the time, people could be working
24 remotely, because it sounds like we're getting maybe
25 more production by accommodating people's needs, and not

1 necessarily where they physically have to be inside an
2 office.

3 So I'm looking forward to that as we come into
4 this new year.

5 CHAIRPERSON YEE: Great. Thank you, Member
6 Vazquez, for those thoughts.

7 Member Miller, any further thoughts?

8 (No response.)

9 CHAIRPERSON YEE: Okay. Thank you. Thank you.

10 Let me just add, just what a wonderful year it's
11 been, working in the midst of such challenges around us.

12 And I think the Franchise Tax Board has really
13 modeled well, among all of our state agencies, that --
14 including many of them, just how the health and safety
15 of our -- of our people is paramount.

16 And I think there was no one-size-fits-all with
17 respect to just how each of our State entities responded
18 to the pandemic and continues to respond to it. But the
19 fact that the mission and, certainly, the purpose of
20 really serving taxpayers continue to be elevated as a
21 priority.

22 And Member Vazquez, you are right. I think we
23 are going to learn a lot from what's been happening over
24 the last 18 months that will be to the good for the
25 State of California with respect to greater

1 efficiencies. But we also know that there likely will
2 be some, you know, sustained challenges as well, going
3 forward, and there's no doubt, in my mind, that the
4 State of California is prepared to just meet those, and
5 as we have at every turn, you know, during these last 18
6 months. So I just want to acknowledge that.

7 I also, too, want to add my thanks to your team,
8 Selvi, all the FTB partnership on the Golden State
9 Stimulus programs. Thanks to the Governor and to the
10 Legislature. There is not a day that my office does not
11 receive calls about, just, Californians either looking
12 for their check or, more importantly, thanking us for
13 their check.

14 This is much-needed assistance, and it was just
15 really an honor to be working with your team to stand up
16 the program, to really be prepared for when we were able
17 to finally get those checks issued. And the volume, it
18 just speaks to just how many Californians really are
19 looking forward to receiving some assistance and just,
20 as you say, one of the most rewarding opportunities we
21 have had to be able to fulfill that.

22 And then, lastly, let me just say, I, too, look
23 forward to meeting in person next year, but I also know
24 that we are going to continue to hold paramount the
25 health and safety of our -- of our team members and

1 certainly the public at large. And for members of the
2 public who are watching, we hope to welcome you back
3 into the Franchise Tax Board auditorium at some point
4 next year.

5 But would just like to say to everyone, please
6 stay healthy and safe. There is -- and stay informed
7 about what needs to be done in order to do that for you
8 and your loved ones.

9 So thank you very much for all that.

10 Let me just see if there are any members of the
11 public who wish to speak on this item, on Board Members'
12 Time.

13 PHONE MODERATOR: Ladies and gentlemen of the
14 phone lines, if you would like to place yourself into
15 queue for public comments at this time, as a reminder,
16 please press 1, then 0.

17 No members of the public are queuing up at this
18 time.

19 You may continue.

20 CHAIRPERSON YEE: Thank you, Operator, very much.

21 I think, in conclusion, Members, what I would
22 like to just say is to wish everyone a healthy, healthy,
23 and happy holiday season. This is -- for some of us, we
24 have just celebrated the Festival of Lights and the
25 season of Hanukkah beginning, and just want to say also

1 Merry Christmas and Happy Kwanzaa to come. But we are
2 so looking forward to a new year of light and hopefully
3 being able to be together.

4 So from the Franchise Tax Board, Selvi, you and
5 your team, to everyone, have a healthy and safe holiday.
6 To members of the public, we will see you next year, in
7 2022. Take care, everyone. This meeting is adjourned.

8 (Proceedings concluded at
9 2:38 p.m.)

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CERTIFICATE OF REPORTER

I, KATHRYN S. SWANK, a Certified Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing proceedings were reported in shorthand by me, Kathryn S. Swank, a Certified Shorthand Reporter of the State of California, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said proceedings nor in any way interested in the outcome of said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of December 2021.

/s/ Kathryn S. Swank
KATHRYN S. SWANK, CSR
Certified Shorthand Reporter
License No. 13061