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CA Controller Cheers Passage of Tax Board Overhaul

SACRAMENTO — One of the plan's key architects, State Controller Betty T. Yee today cheered the legislative approval of the Taxpayer Transparency and Fairness Act of 2017 (AB 102) to comprehensively reform the State Board of Equalization (BOE). The bill now goes to Governor Brown for his signature as part of the 2017-18 budget trailer bill package.

"Without equivocation, the need to fundamentally overhaul the Board of Equalization is dire," said Controller Yee, the state's chief fiscal officer and ex-officio member of BOE. "The sweeping reform passed today takes the duties of BOE down to the studs and structurally remodels to ensure more consistent, fair, transparent, and efficient administration of California's tax laws and appeals."

AB 102 addresses the endemic problems at BOE and will benefit California taxpayers by:

- 1 Upholding the Taxpayer Bill of Rights and protections of individual and business taxpayers in the assessment and collection of taxes and the proper application of tax laws.
- 1 Establishing state entities that will allow the professional staff to serve taxpayers fairly and consistently without undue influence by elected board members.
- 1 Ensuring tax appeals are handled by impartial, civil service Administrative Law Judges (ALJs) who are experts in tax law in a newly created independent Office of Tax Appeals, not by elected officials who may have little or no tax expertise.
- 1 Providing taxpayers with speedier resolution of their cases, since ALJ panels will meet more frequently and in more locations throughout California.
- 1 Streamlining the collection and distribution of sales, gasoline, and other tax dollars by moving that responsibility from BOE to a new Department of Tax and Fee Administration in the executive branch.
- 1 Refocusing the elected members of BOE to carry out the Board's core constitutional responsibilities.

In November 2015, the Controller's [review](#) of BOE accounting and administrative controls showed the agency had misallocated \$47.8 million in sales tax revenue, among other widespread deficiencies. The review's recommended reforms have not been fully implemented. The California Department of Finance released their own [evaluation](#) in March 2017, raising additional concerns about the challenges BOE staff face in carrying out the agency's mission.

In response, on March 31 the Controller called for [major reform](#) including stripping board members of all statutory functions and permanently moving these duties to a separate new department under the governor. In May, Controller Yee also introduced a draft board governance [policy](#) to help guide the board towards more ethical decision-making. This policy is still pending.

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state's financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation's two largest public pension funds. Elected in 2014, Controller Yee is the tenth woman elected to a statewide office in California's history. Follow the Controller on Twitter at [@CAController](#) and on Facebook at [California State Controller's Office](#).

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