AB 120

The people of the State of California do enact as follows:

**SECTION 1.**

 This act shall be known and may be cited as the Taxpayer Transparency and Fairness Act of 2017.

**SEC. 2.**

 The Legislature finds and declares all of the following:

(a) California taxpayers are entitled to a tax administration and appeals process that is fair, transparent, consistent, equitable, and impartial. Such a system is vital for both taxpayers and their businesses as well as the state’s ability to pay for public services, including, but not limited to, education, health and human services, public safety, transportation, and the environment.

(b) One of the most fundamental aspects of a good tax system is a fair and efficient appeals process. Taxpayers deserve to have appeals considered by an independent, objective panel with sufficient expertise and a sole focus on tax issues. Any appeals forum must issue decisions in a transparent fashion, relying on well-established precedents in tax law, providing open public access and choice of representation, and building a record that both taxpayers and tax administration agencies can rely upon. It is the intent of the Legislature that an appeals forum also resolve matters on appeal on a timely basis, for taxpayers and tax administration agencies alike.

(c) The Legislature has passed various measures, commonly referred to as the Taxpayers’ Bill of Rights, to ensure that California will continue to protect the rights, privacy, and property of California taxpayers and feepayers during the assessment and collection of taxes and fees and to promote clarity and proper application of the law. As part of those protections, a Taxpayers’ Rights Advocate was established to be responsible for facilitating the resolution of taxpayer and feepayer complaints and problems.

(d) As evidenced by a legislatively mandated review of the State Board of Equalization, the Controller’s audit of the board, the Legislative Analyst Office’s analysis of the board, and ongoing examinations of the board by the Attorney General, the California State Auditor’s Office, and the State Personnel Board, the board’s operational culture severely impacts its ability to report accurate and reliable information to the public, the administration, and the Legislature.

(e) The State Board of Equalization’s current practices support inappropriate interventions by board members in administrative and appeal-related activities, all of which have led to inconsistencies in operations, breakdowns in centralized processes, and activities contrary to state law and budgetary and legislative directives.

(f) The current operational environment has also led to numerous complaints concerning members of the State Board of Equalization and their staff’s attempt to influence the audits, investigations, and collections activities of the board’s civil service employees.

(g) The State Board of Equalization’s civil service employees, who seek to professionally perform their duties according to the law, are handicapped in their efforts to fairly apply the law through the undue influence of elected board members and the staff of board members.

(h) The current system of routine interference by members of the State Board of Equalization or their staff effectively eliminates the board’s executive director’s ability to, and all of the board’s upper management’s ability to, effectively and efficiently operate the organization.

(i) Due to the State Board of Equalization’s failure to focus on its core responsibilities, significant errors in the board’s allocation of sales and use tax revenue among the state, cities, and counties continue to materialize and result in the inability to effectively plan for the provision of public services.

(j) In order to restore the public’s trust in the system and provide a work environment that is free from undue influence, it is necessary to enact changes to the State Board of Equalization that put fairness, consistency, and transparency of the tax administration and appeals processes in the forefront.

(k) The California Constitution of 1879 created the State Board of Equalization and granted it constitutional powers to equalize property tax assessment practices across the state. Voters have subsequently expanded the board’s constitutional powers to include the assessment of public utilities and the administration of other taxes. The board’s successful administration of these constitutional duties is vital and necessary to the state’s economy, taxpayer fairness, and the ability of state and local agencies to pay for public services.

(l) It is in the best interest of the taxpayers, their businesses, and the state to have members of the State Board of Equalization refocus the board’s efforts toward its core constitutional responsibilities.