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DEPARTMENT OF CONSUMER AFFAIRS (DCA)
CALIFORNIA BOARD OF ACCOUNTANCY (CBA)

SPECIAL TELECONFERENCE MEETING OF THE CBA
NOTICE & AGENDA

(Government Code Section 11125.4(a)(2))

Thursday, September 1, 2011
3:00 p.m.

Teleconference Locations:

RJI Ramirez Jimenez International CPAs*
 1900 Main St., Ste. 375
 Irvine, CA 92614
 Telephone: (949) 852-1600

Gumbiner Savett Inc.
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 109 Jackson St., Ste. 240
 Hayward, CA 94544
 Telephone: (510) 581-1963

LaManna & LaManna CPAs
 16870 West Bernardo Dr., Ste. 400
 San Diego, CA 92127
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Bureau of Automotive Repair
 1361 South Winchester Blvd., Ste. 206
 San Jose, CA 95117
 Telephone: (408) 277-1860

Leung Accountancy Corp.
 2135 Huntington Dr., Ste., 108
 San Marino, CA 91108
 Telephone: (626) 396-9680 x101

3130-C Inland Empire Blvd.
 Ontario, CA 91764
 Telephone: (951) 206-5731

575 Park Ave.
 New York, NY 10065
 Telephone: (310) 625-6664

*Live Webcast will take place from this location.

Roll Call and Call to Order (**Sally Anderson, President**).

- I. Determination of Need for Special Meeting (**Sally Anderson**).
- II. Discussion and Action to Adopt a Position on Assembly Bill 1424 – Franchise Tax Board: Delinquent Tax Debt (**Matthew Stanley, CBA Staff**).

III. Public Comments.**

Adjournment.

Action may be taken on any item on the agenda.

In accordance with the Bagley-Keene Open Meetings Act, all meetings of the CBA are open to the public. While the CBA intends to webcast this meeting, it may not be possible to webcast the entire open meeting due to limitations on resources.

**Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the CBA prior to the CBA taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the CBA, but the CBA President may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the CBA to discuss items not on the agenda; however, the CBA can neither discuss nor take official action on these items at the time of the same meeting (Government Code Sections 11125, 11125.7(a)).

The meeting is accessible to individuals with physical disabilities. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Veronica Daniel at (916) 561-1718, or by e-mail at vdaniel@cba.ca.gov, or send a written request to the CBA office at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815. Providing your request at least five (5) business days before the meeting will help to ensure availability of the requested accommodation.

For further information regarding this meeting, please contact:

Veronica Daniel, Board Relations Analyst
(916) 561-1718 or vdaniel@cba.ca.gov
California Board of Accountancy
2000 Evergreen Street, Suite 250
Sacramento, CA 95815

An electronic copy of this agenda can be found at <http://www.dca.ca.gov/cba/calendar.shtml>.



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CBA Item II.
September 1, 2011

**Discussion and Action to adopt a Position on Assembly Bill 1424 –
Franchise Tax Board: Delinquent Tax Debt**

Presented by: Patti Bowers, Executive Officer
Date: August 29, 2011

Purpose of the Item

This item is to facilitate discussion of AB 1424 (**Attachment 1**) and to assess its impact on the California Board of Accountancy (CBA).

Action(s) Needed

The CBA will be requested to take a position on AB 1424.

Background

I want to start off by apologizing for the need for this special meeting. This bill was amended to be relevant to the CBA in June, and it should have been caught at that time. Staff have added an agenda item to the September meeting to provide CBA Members with an educational presentation on how legislation affecting the CBA is discovered and tracked. In addition, staff will present the steps being taken to avoid situations such as this one in the future.

In June, AB 1424, which previously dealt with sales tax reimbursement for replacement vehicles, was gutted and amended. That version of the bill would have required state licensing entities to provide the Franchise Tax Board (FTB) with all of its licensees' social security numbers. It also required all applications for a license or license renewal to state that the law allows the FTB to share taxpayer information with the board and requires that the licensee pay their tax obligations or face suspension of the license. In addition, it permitted licensing entities to suspend the license of any licensee listed in the FTB's list of the 250 largest tax delinquencies. In the absence of action by a licensing entity, the FTB would have had the authority to suspend the license. "Suspension," as used in this paper, also means denial of a license, and refusal to renew a license.

In July the bill was amended again. These amendments simply added the Board of Equalization (BOE) into the mix and expanded the tax delinquency list to the top 500 offenders.

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On August 18, the bill was significantly amended. This newest version of the bill requires licensing entities to match social security numbers of its licensees against the FTB or BOE 500 largest tax delinquencies. The requirement to provide social security numbers to the FTB and BOE was removed. If a licensing entity finds a match to one of its licensees, they must mail a notice within 30 days notifying the licensee of the intent to suspend the license. No sooner than 90 days, but no later than 120 days after that notice is mailed, the entity must suspend the license. If a board or bureau under the Department of Consumer Affairs (DCA) fails to take action within 120 days of mailing the original notice, the DCA is required to do so. The required language on applications remains in this version of the bill.

Comments

The effects of AB 1424 are similar to a provision in existing law. The DCAs' Family Support Program restricts the licenses of anyone who is delinquent in court-ordered family support obligations. DCA compares its licensees' names and Social Security numbers with those of people listed as more than 30 days behind in their court-ordered child support payments by the Department of Child Support Services. The DCA will issue a "temporary" license pursuant to Family Code Section 17520. The licensee has 150 days to remedy the situation. The CBA has no involvement in this process and all correspondence from the licensee, District Attorney, etc. is submitted to the DCA and they alone can update/release the temporary license. In the event the licensee resolves the issue, the license is returned to the expiration date and license status that was in effect at the time the temporary license was issued. If the licensee fails to resolve the issue, the license is placed into a "denied" status. CBA Enforcement staff are unaware of any appeals process for these matters, but we are awaiting verification of this from DCA.

AB 1424 has safeguards to ensure that due process has been served, and only those who are truly delinquent on their taxes are placed on the list of the 500 largest tax delinquencies in the state. In order for the delinquency to be placed on the list, all of the following must be true:

- It must be one of the 500 largest tax delinquencies in the state
- It must exceed \$100,000
- It must be recorded as a tax lien in a county recorders' office
- It must have been delinquent for more than 90 days
- It cannot be under litigation in court
- It cannot be listed if payment arrangements have been made and are being followed
- It cannot be listed if the taxpayer has filed for bankruptcy protection pursuant to Title 11 of the United States Code.

In other words, if the taxpayer is actively fighting the FTB or BOE, or if they are working towards a solution, they will not appear on the list. This list is only for those who are

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refusing to cooperate with the FTB/BOE; have exhausted legal options; and are not filing for bankruptcy protections. Currently, no licensee of the CBA is on this list; and there was one listed last year.

This bill is being actively supported by the Governor. He has been a part of amendment negotiations; specifically including the language that the DCA shall suspend a license if a board or bureau refuses to take action. Due to the Governor's support, it is unlikely that DCA will oppose AB 1424.

Other positions that may be relevant to the CBA include the following:

- California Society of CPAs – NEUTRAL
- Board for Professional Engineers, Land Surveyors, and Geologists – OPPOSE
- Board of Pharmacy – OPPOSE
- Board of Behavioral Sciences (BBS) – OPPOSE UNLESS AMENDED
- Board of Registered Nursing (BRN) Legislative Committee –OPPOSE UNLESS AMENDED (which will be brought before the full board at its next meeting on September 14-15, 2011)

As DCA stated in a communication to staff, “the lack of positions may be due to the timing of this bill, as it was gutted and amended in June and most boards did not have the opportunity to review and consider the bill at their last full board meeting.”

Some CBA Members may notice that there is a clear exemption carved out of this bill for the Contractors' State License Board (CSLB). Staff have been informed that this is due to the fact that CSLB already has a system in place for accomplishing the goals of this bill, and it is not an exception for CSLB.

This bill is being voted for along party lines by the Legislature. For your information, the history of the bill (**Attachment 2**) and the most recent legislative analysis (**Attachment 3**) are attached.

Recommendation

Staff do not have a recommendation on this item.

Attachments

AMENDED IN SENATE AUGUST 18, 2011
AMENDED IN SENATE AUGUST 15, 2011
AMENDED IN SENATE JULY 12, 2011
AMENDED IN SENATE JUNE 7, 2011
AMENDED IN SENATE JUNE 6, 2011
AMENDED IN ASSEMBLY MAY 4, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1424

Introduced by Assembly Member Perea

March 22, 2011

An act to amend Sections 31 and 476 of, and to add Section 494.5 to, the Business and Professions Code, to add Section 12419.13 to the Government Code, to add Section 10295.4 to the Public Contract Code, ~~and to amend Sections 7063 and 19195, 19195, and 19533~~ of, to add Sections ~~6834, 6835, 7057, 7057.5, 19265, 19377.5, 19533, 19571, and 19572~~ to, to add Article 9 (commencing with Section 6850) to Chapter 6 of Part 1 of Division 2 of, and to add Article 7 (commencing with Section 19291) to Chapter 5 of Part 10.2 of Division 2 of, the Revenue and Taxation Code, *and to add Section 34623.1 to the Vehicle Code*, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1424, as amended, Perea. Franchise Tax Board: delinquent tax debt.

The Personal Income Tax Law and the Corporation Tax Law impose taxes on, or measured by, income. Existing law requires the Franchise

Tax Board to make available as a matter of public record each calendar year a list of the 250 largest tax delinquencies in excess of \$100,000, and requires the list to include specified information with respect to each delinquency. Existing law requires every board, as defined, and the Department of Insurance, upon request of the Franchise Tax Board, to furnish to the Franchise Tax Board certain information with respect to every licensee.

This bill would require the State Board of Equalization, quarterly, and the Franchise Tax Board, at least twice each calendar year, to make available a list of the 500 largest tax delinquencies described above. This bill would require the Franchise Tax Board to include additional information on the list with respect to each delinquency, including the type, status, and licence number of any occupational or professional license held by the person or persons liable for payment of the tax and the names and titles of the principal officers of the person liable for payment of the tax if that person is a limited liability company or corporation. This bill would require a person whose delinquency appeared on either list and whose name has been removed, as provided, to comply with the terms of the arranged resolution, and would authorize the State Board of Equalization and the Franchise Tax Board, if the person fails to comply with the terms of the arranged resolution, to add the person's name to the list without providing prior written notice, as provided.

This bill would ~~permit~~ *require* a state governmental licensing entity, other than the Department of Motor Vehicles, that issues professional or occupational licenses, certificates, registrations, or permits, to suspend, revoke, ~~or~~ *and* refuse to issue a license if the licensee's name is included on either list of the 500 largest tax delinquencies described above. This bill would not include the Contractors' State License Board in the definition of "state governmental licensing entity." This bill would also require those licensing entities to ~~provide to the State Board of Equalization and the Franchise Tax Board the name and~~ *collect the* social security number or federal taxpayer identification number of each individual licensee *applicant* of that entity *for the purpose of matching those applicants to the names on the lists of the 500 largest tax delinquencies*, and would require each application for a new license or renewal of a license to indicate on the application that the law allows the State Board of Equalization and the Franchise Tax Board to share taxpayer information with a board and requires the licensee to pay his or her state tax obligation and that his or her license may be suspended

if the state tax obligation is not paid. ~~The bill would require the State Board of Equalization and the Franchise Tax Board, if an individual licensee appears on either list of the 500 largest tax delinquencies described above, and the specified licensing entity has not made a decision regarding suspension or revocation of the license, to send a notice of suspension to the licensee. The bill would provide that the license of a licensee who fails to satisfy the unpaid taxes by a certain date shall be automatically suspended, except as specified, and would require the State Board of Equalization or the Franchise Tax Board to mail a notice of suspension to the applicable state governmental licensing entity and to the licensee, and would provide that the suspension be canceled upon compliance with the tax obligation. This bill would require the state government licensing entity to update its records to reflect the suspension upon receipt of the notice of suspension from the State Board of Equalization or the Franchise Tax Board. This bill would authorize the State Board of Equalization and the Franchise Tax Board to disclose to state agencies identifying information of persons appearing on the list of the 500 largest tax delinquencies, as provided. This bill would also authorize the State Board of Equalization and the Franchise Tax Board to disclose to state governmental licensing entities identifying information of persons on the list of 500 largest tax delinquencies, as specified. This bill would authorize a motor carrier permit of a licensee whose name is on certified list of tax delinquencies to be suspended, as provided.~~ The bill would require the State Board of Equalization and the Franchise Tax Board to meet certain requirements and would make related changes.

The bill would provide that the release or other use of information received by a state governmental licensing entity pursuant to these provisions, except as authorized, is punishable as a misdemeanor. By creating a new crime, the bill would impose a state-mandated local program.

This bill would also prohibit a state agency from entering into any contract for the acquisition of goods or services with a contractor whose name appears on either list of the 500 largest tax delinquencies described above.

Existing law authorizes the Franchise Tax Board to collect specified amounts for the Department of Industrial Relations and specified amounts imposed by a court pursuant to specified procedures.

This bill would authorize the State Board of Equalization and the Franchise Tax Board to enter into an agreement to collect any delinquent

tax debt due to the Internal Revenue Service or any other state imposing an income tax, or a tax measured by income, or a sales or use tax, or a similar tax, pursuant to specified procedures, provided that the Internal Revenue Service or that state has entered into an agreement to collect delinquent tax debts due to the State Board of Equalization or the Franchise Tax Board, and the agreements do not cause the net displacement of civil service employees, as specified. This bill would require the Controller, upon execution of a reciprocal agreement between the State Board of Equalization, the Franchise Tax Board, and any other state imposing a sales and use tax, a tax similar to a sales and use tax, an income tax, or tax measured by income, to offset any delinquent tax debt due to that other state from a person or entity, against any refund under the Sales and Use Tax Law, the Personal Income Tax Law, or the Corporation Tax Law owed to that person or entity, as provided.

Existing law requires, in the event that the debtor has more than one debt being collected by the Franchise Tax Board and the amount collected is insufficient to satisfy the total amount owed, the amount collected to be applied to specified priorities.

This bill would include specified tax delinquencies collected pursuant to this bill.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

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

- 1 SECTION 1. Section 31 of the Business and Professions Code
- 2 is amended to read:
- 3 31. (a) As used in this section, “board” means any entity listed
- 4 in Section 101, the entities referred to in Sections 1000 and 3600,
- 5 the State Bar, the Department of Real Estate, and any other state
- 6 agency that issues a license, certificate, or registration authorizing
- 7 a person to engage in a business or profession.
- 8 (b) Each applicant for the issuance or renewal of a license,
- 9 certificate, registration, or other means to engage in a business or
- 10 profession regulated by a board who is not in compliance with a

1 judgment or order for support shall be subject to Section 17520 of
2 the Family Code.

3 (c) “Compliance with a judgment or order for support” has the
4 meaning given in paragraph (4) of subdivision (a) of Section 17520
5 of the Family Code.

6 (d) Each licensee whose name appears on a list of the 500 largest
7 tax delinquencies pursuant to Section 7063 or 19195 of the
8 Revenue and Taxation Code shall be subject to Section 494.5 ~~or~~
9 ~~7145.5 or to Section 6834 or 19265 of the Revenue and Taxation~~
10 ~~Code.~~

11 (e) Each application for a new license or renewal of a license
12 shall indicate on the application that the law allows the State Board
13 of Equalization and the Franchise Tax Board to share taxpayer
14 information with a board and requires the licensee to pay his or
15 her state tax obligation and that his or her license may be suspended
16 if the state tax obligation is not paid.

17 (f) For purposes of this section, “tax obligation” means the tax
18 imposed under, or in accordance with, Part 1 (commencing with
19 Section 6001), Part 1.5 (commencing with Section 7200), Part 1.6
20 (commencing with Section 7251), Part 1.7 (commencing with
21 Section 7285), Part 10 (commencing with Section 17001), and
22 Part 11 (commencing with Section 23001) of Division 2 of the
23 Revenue and Taxation Code.

24 SEC. 2. Section 476 of the Business and Professions Code is
25 amended to read:

26 476. (a) Except as provided in subdivision (b), nothing in this
27 division shall apply to the licensure or registration of persons
28 pursuant to Chapter 4 (commencing with Section 6000) of Division
29 3, or pursuant to Division 9 (commencing with Section 23000) or
30 pursuant to Chapter 5 (commencing with Section 19800) of
31 Division 8.

32 (b) Section 494.5 shall apply to the licensure of persons
33 authorized to practice law pursuant to Chapter 4 (commencing
34 with Section 6000) of Division 3, and the licensure or registration
35 of persons pursuant to Chapter 5 (commencing with Section 19800)
36 of Division 8 or pursuant to Division 9 (commencing with Section
37 23000).

38 SEC. 3. Section 494.5 is added to the Business and Professions
39 Code, to read:

1 494.5. (a) A state governmental licensing entity, other than
 2 the Department of Motor Vehicles, ~~may shall~~ refuse to issue,
 3 reactivate, reinstate, or renew a license ~~or may and shall~~ suspend
 4 a license if a licensee’s name is included on a certified list. The
 5 Department of Motor Vehicles ~~may shall~~ suspend a license if a
 6 licensee’s name is included on a certified list. Any reference in
 7 this section to the issuance, renewal, or denial of a license shall
 8 not apply to the Department of Motor Vehicles.

9 (b) For purposes of this section:

10 (1) “Certified list” means either list provided by the State Board
 11 of Equalization or the Franchise Tax Board of persons whose
 12 names appear on the lists of the 500 largest tax delinquencies
 13 pursuant to Section 7063 or 19195 of the Revenue and Taxation
 14 Code.

15 (2) “License” includes a certificate, registration, or any other
 16 authorization to engage in a profession or occupation issued by a
 17 state governmental licensing entity. “License” includes a driver’s
 18 license issued pursuant to Chapter 1 (commencing with Section
 19 12500) of Division 6 of the Vehicle Code. “License” *excludes*
 20 *vehicle registration issued pursuant to Division 3 (commencing*
 21 *with Section 4000) of the Vehicle Code.*

22 (3) “Licensee” means an individual authorized by a license to
 23 drive a motor vehicle or authorized by a license, certificate,
 24 registration, or other authorization to engage in a profession or
 25 occupation issued by a state governmental licensing entity.

26 (4) ~~(A)~~ “State governmental licensing entity” means any entity
 27 listed in Section 101, 1000, or 19420, the office of the Attorney
 28 General, the Department of Insurance, the Department of Motor
 29 Vehicles, the State Bar of California, the Department of Real
 30 Estate, and any other state agency, board, or commission that issues
 31 a license, certificate, or registration authorizing an individual to
 32 engage in a profession or occupation, including any certificate,
 33 business or occupational license, or permit or license issued by
 34 the Department of Motor Vehicles or the Department of the
 35 California Highway Patrol. “State governmental licensing entity”
 36 *shall not include the Contractors’ State License Board.*

37 ~~(B)~~ “State governmental licensing entity” ~~shall not include any~~
 38 ~~entity described in subparagraph (A) that has elected to decline to~~
 39 ~~exercise the authority provided by this section to suspend or refuse~~
 40 ~~to issue, reinstate, reactivate, or renew the license of a licensee for~~

1 failure to pay the taxes described in subdivision (a). An election
2 under this subparagraph shall not be valid unless notification of
3 that election has been provided to the State Board of Equalization
4 and the Franchise Tax Board at the time and in the manner
5 prescribed by the State Board of Equalization and the Franchise
6 Tax Board. Notwithstanding subparagraph (A), “state governmental
7 licensing entity” shall not include the Contractors’ State License
8 Board.

9 (e) ~~The State Board of Equalization and the Franchise Tax Board~~
10 ~~shall each submit its respective certified list to state governmental~~
11 ~~licensing entities.~~

12 (c) *The State Board of Equalization and the Franchise Tax*
13 *Board shall each submit its respective certified list to every state*
14 *governmental licensing entity. The certified lists shall include the*
15 *name, social security number or taxpayer identification number,*
16 *and the last known address of the persons identified on the certified*
17 *lists.*

18 (e) ~~The State Board of Equalization and the Franchise Tax Board~~
19 ~~shall each submit its respective certified list to state governmental~~
20 ~~licensing entities.~~

21 (d) Notwithstanding any other law, ~~all~~ *each* state governmental
22 licensing entities *entity* shall collect the social security number or
23 the federal taxpayer identification number from all applicants for
24 the purposes of matching the names of the certified lists provided
25 by the State Board of Equalization and the Franchise Tax Board
26 to applicants and licensees.

27 (e) (1) Each state governmental licensing entity shall determine
28 whether an applicant or licensee is on the most recent certified list
29 provided by the State Board of Equalization and the Franchise Tax
30 Board. ~~The state governmental licensing entity shall have the~~
31 ~~authority to withhold issuance or renewal of the license of any~~
32 ~~applicant on either list or to suspend the license of any licensee on~~
33 ~~either list.~~

34 (2) If an applicant or licensee is on either of the certified lists,
35 the state governmental licensing entity shall immediately provide
36 a preliminary notice to the applicant or licensee of the entity’s
37 intent to suspend or withhold issuance or renewal of the license.
38 The preliminary notice shall be delivered personally or by mail to
39 the applicant’s or licensee’s last known mailing address on file
40 with the state governmental licensing entity within 30 days of

1 receipt of the certified list. Service by mail shall be completed in
2 accordance with Section 1013 of the Code of Civil Procedure.

3 (A) The state governmental licensing entity shall issue a
4 temporary license valid for a period of 90 days to any applicant
5 whose name is on a certified list if the applicant is otherwise
6 eligible for a license.

7 (B) The 90-day time period for a temporary license shall not be
8 extended. Only one temporary license shall be issued during a
9 regular license term and the term of the temporary license shall
10 coincide with the first 90 days of the regular license term. A license
11 for the full term or the remainder of the license term may be issued
12 or renewed only upon compliance with this section.

13 (C) In the event that a license is suspended or an application for
14 a license or the renewal of a license is denied pursuant to this
15 section, any funds paid by the applicant or licensee shall not be
16 refunded by the state governmental licensing entity.

17 (f) (1) A state governmental licensing entity shall ~~make a final~~
18 ~~determination to refuse to issue or to suspend~~ *refuse to issue or*
19 *shall suspend* a license pursuant to this section no sooner than ~~30~~
20 ~~days and no later than 90~~ *90 days and no later than 120* days of
21 the mailing of the preliminary notice described in paragraph (2)
22 of subdivision (e), *unless the state governmental licensing entity*
23 *has received a release pursuant to subdivision (h)*. The procedures
24 in the administrative adjudication provisions of the Administrative
25 Procedure Act (Chapter 4.5 (commencing with Section 11400)
26 and Chapter 5 (commencing with Section 11500) of Part 1 of
27 Division 3 of Title 2 of the Government Code) shall not apply to
28 the ~~revocation or suspension of a denial or suspension of, or refusal~~
29 *to renew, a license or the issuance of a temporary license* pursuant
30 to this section.

31 (2) *Notwithstanding any other law, if a board, bureau, or*
32 *commission listed in Section 101, other than the Contractors' State*
33 *License Board, fails to take action in accordance with this section,*
34 *the Department of Consumer Affairs shall issue a temporary license*
35 *or suspend or refuse to issue, reactivate, reinstate, or renew a*
36 *license, as appropriate.*

37 (g) Notices shall be developed by each state governmental
38 licensing entity. For an applicant or licensee on the State Board
39 of Equalization's certified list, the notice shall include the address
40 and telephone number of the State Board of Equalization, and shall

1 emphasize the necessity of obtaining a release from the State Board
2 of Equalization as a condition for the issuance, renewal, or
3 continued valid status of a license or licenses. For an applicant or
4 licensee on the Franchise Tax Board’s certified list, the notice shall
5 include the address and telephone number of the Franchise Tax
6 Board, and shall emphasize the necessity of obtaining a release
7 from the Franchise Tax Board as a condition for the issuance,
8 renewal, or continued valid status of a license or licenses.

9 (1) The notice shall inform the applicant that the state
10 governmental licensing entity shall issue a temporary license, as
11 provided in subparagraph (A) of paragraph (2) of subdivision (e),
12 for 90 calendar days if the applicant is otherwise eligible and that
13 upon expiration of that time period, the license will be denied
14 unless the state governmental licensing entity has received a release
15 from the State Board of Equalization ~~and the Franchise Tax Board~~
16 *or the Franchise Tax Board, whichever is applicable.*

17 (2) The notice shall inform the licensee that any license
18 suspended under this section will remain suspended ~~unless~~ *until*
19 the state governmental licensing entity receives a release along
20 with applications and fees, if applicable, to reinstate the license.

21 (3) The notice shall also inform the applicant or licensee that if
22 an application is denied or a license is suspended pursuant to this
23 section, any moneys paid by the applicant or licensee shall not be
24 refunded by the state governmental licensing entity. The state
25 governmental licensing entity shall also develop a form that the
26 applicant or licensee shall use to request a release by the State
27 Board of Equalization and the Franchise Tax Board. A copy of
28 this form shall be included with every notice sent pursuant to this
29 subdivision.

30 (h) If the applicant or licensee wishes to challenge the
31 submission of his or her name on a certified list, the applicant or
32 licensee shall make a timely written request for release to the State
33 Board of Equalization or the Franchise Tax Board, whichever is
34 applicable. The State Board of Equalization or the Franchise Tax
35 Board shall immediately send a release to the appropriate state
36 governmental licensing entity and the applicant or licensee, if any
37 of the following conditions are met:

38 (1) The applicant or licensee has complied with the tax
39 obligation, either by payment of the unpaid taxes or entry into an
40 installment payment agreement, as described in Section 6832 or

1 19008 of the Revenue and Taxation Code, to satisfy the unpaid
 2 taxes.

3 (2) The applicant or licensee has submitted a request for release
 4 not later than 45 days after the applicant’s or licensee’s receipt of
 5 a preliminary notice described in paragraph (2) of subdivision (e),
 6 but the State Board of Equalization or the Franchise Tax Board,
 7 whichever is applicable, will be unable to complete the release
 8 review and send notice of its findings to the applicant or licensee
 9 and state governmental licensing entity within 45 days after the
 10 State Board of Equalization’s or the Franchise Tax Board’s receipt
 11 of the applicant’s or licensee’s request for release. Whenever a
 12 release is granted under this paragraph, and, notwithstanding that
 13 release, the applicable license or licenses have been suspended
 14 erroneously, the state governmental licensing entity shall reinstate
 15 the applicable licenses with retroactive effect back to the date of
 16 the erroneous suspension and that suspension shall not be reflected
 17 on any license record.

18 ~~(3) The applicant or licensee that is on the certified list provided~~
 19 ~~by the Franchise Tax Board is unable to pay the outstanding~~
 20 ~~liability due to a current financial hardship, as determined by the~~
 21 ~~Franchise Tax Board.~~

22 (3) *The applicant or licensee is unable to pay the outstanding*
 23 *tax obligation due to a current financial hardship. “Financial*
 24 *hardship” means financial hardship as determined by the State*
 25 *Board of Equalization or the Franchise Tax Board, whichever is*
 26 *applicable, where the applicant or licensee is unable to pay any*
 27 *part of the outstanding liability and the applicant or licensee is*
 28 *unable to qualify for an installment payment arrangement as*
 29 *provided for by Section 6832 or Section 19008 of the Revenue and*
 30 *Taxation Code. In order to establish the existence of a financial*
 31 *hardship, the applicant or licensee shall submit any information,*
 32 *including information related to reasonable business and personal*
 33 *expenses, requested by the State Board of Equalization or the*
 34 *Franchise Tax Board, whichever is applicable, for purposes of*
 35 *making that determination.*

36 (i) An applicant or licensee is required to act with diligence in
 37 responding to notices from the state governmental licensing entity
 38 and the State Board of Equalization or the Franchise Tax Board
 39 with the recognition that the temporary license will lapse or the
 40 license suspension will go into effect after 90 days and that the

1 State Board of Equalization or the Franchise Tax Board must have
2 time to act within that period. An applicant's or licensee's delay
3 in acting, without good cause, which directly results in the inability
4 of the State Board of Equalization or the Franchise Tax Board,
5 whichever is applicable, to complete a review of the applicant's
6 or licensee's request for release shall not constitute the diligence
7 required under this section which would justify the issuance of a
8 release. An applicant or licensee shall have the burden of
9 establishing that he or she diligently responded to notices from the
10 state governmental licensing entity or the State Board of
11 Equalization or the Franchise Tax Board and that any delay was
12 not without good cause.

13 (j) The State Board of Equalization or the Franchise Tax Board
14 shall create release forms for use pursuant to this section. When
15 the applicant or licensee has complied with the tax obligation,
16 either by payment of the unpaid taxes or entry into an installment
17 payment agreement, the State Board of Equalization or the
18 Franchise Tax Board, whichever is applicable, shall mail a release
19 form to the applicant or licensee and provide a release to the
20 appropriate state governmental licensing entity. Any state
21 governmental licensing entity that has received a release from the
22 State Board of Equalization and the Franchise Tax Board pursuant
23 to this subdivision shall process the release within five business
24 days of its receipt. If the State Board of Equalization or the
25 Franchise Tax Board determines subsequent to the issuance of a
26 release that the licensee has not complied with their installment
27 payment agreement, the State Board of Equalization or the
28 Franchise Tax Board, whichever is applicable, ~~may~~ shall notify
29 the state governmental licensing entity and the licensee in a format
30 prescribed by the State Board of Equalization ~~and~~ or the Franchise
31 Tax Board, *whichever is applicable*, that the licensee is not in
32 compliance and the release shall be rescinded. The State Board of
33 Equalization and the Franchise Tax Board may, when it is
34 economically feasible for the state governmental licensing entity
35 to develop an automated process for complying with this
36 subdivision, notify the state governmental licensing entity in a
37 manner prescribed by the State Board of Equalization ~~and~~ or the
38 Franchise Tax Board, *whichever is applicable*, that the licensee
39 has not complied with the installment payment agreement. Upon
40 receipt of this notice, the state governmental licensing entity shall

1 immediately notify the licensee on a form prescribed by the state
 2 governmental licensing entity that the licensee’s license will be
 3 suspended on a specific date, and this date shall be no longer than
 4 30 days from the date the form is mailed. The licensee shall be
 5 further notified that the license will remain suspended until a new
 6 release is issued in accordance with ~~subdivision (h)~~ *this subdivision*.

7 (k) The State Board of Equalization and the Franchise Tax Board
 8 may enter into interagency agreements with the state governmental
 9 licensing entities necessary to implement this section, ~~to the extent~~
 10 ~~that it is cost effective to implement this section.~~

11 (l) Notwithstanding any other law, a state governmental
 12 licensing entity, with the approval of the appropriate department
 13 director or governing body, may impose a fee on a licensee whose
 14 license has been suspended pursuant to this section. The fee shall
 15 not exceed the amount necessary for the state governmental
 16 licensing entity to cover its costs in carrying out the provisions of
 17 this section. Fees imposed pursuant to this section shall be
 18 deposited in the fund in which other fees imposed by the state
 19 governmental licensing entity are deposited and shall be available
 20 to that entity upon appropriation in the annual Budget Act.

21 (m) The process described in subdivision (h) shall constitute
 22 the sole administrative remedy for contesting the issuance of a
 23 temporary license or the denial or suspension of a license under
 24 this section. ~~The procedures specified in the administrative~~
 25 ~~adjudication provisions of the Administrative Procedure Act~~
 26 ~~(Chapter 4.5 (commencing with Section 11400) and Chapter 5~~
 27 ~~(commencing with Section 11500) of Part 1 of Division 3 of Title~~
 28 ~~2 of the Government Code) shall not apply to the denial,~~
 29 ~~suspension, or failure to issue or renew a license or the issuance~~
 30 ~~of a temporary license pursuant to this section.~~

31 (n) Any state governmental licensing entity receiving an inquiry
 32 as to the licensed status of an applicant or licensee who has had a
 33 license denied or suspended under this section or who has been
 34 granted a temporary license under this section shall respond only
 35 that the license was denied or suspended or the temporary license
 36 was issued pursuant to this section. Information collected pursuant
 37 to this section by any state agency, board, or department shall be
 38 subject to the Information Practices Act of 1977 (Chapter 1
 39 (commencing with Section 1798) of Title 1.8 of Part 4 of Division
 40 3 of the Civil Code).

1 (o) Any rules and regulations issued pursuant to this section by
2 any state agency, board, or department may be adopted as
3 emergency regulations in accordance with the rulemaking
4 provisions of the Administrative Procedure Act (Chapter 3.5
5 (commencing with Section 11340) of Part 1 of Division 3 of Title
6 2 of the Government Code). The adoption of these regulations
7 shall be deemed an emergency and necessary for the immediate
8 preservation of the public peace, health, and safety, or general
9 welfare. The regulations shall become effective immediately upon
10 filing with the Secretary of State.

11 (p) The State Board of Equalization, the Franchise Tax Board,
12 and state governmental licensing entities, as appropriate, shall
13 adopt regulations as necessary to implement this section.

14 (q) (1) Neither the state governmental licensing entity, nor any
15 officer, employee, or agent, or former officer, employee, or agent
16 of a state governmental licensing entity, may disclose or use any
17 information obtained from the State Board of Equalization or the
18 Franchise Tax Board, pursuant to this section, except to inform
19 the public of the ~~suspension of a denial, refusal to renew, or~~
20 *suspension of a license or the issuance of a temporary license*
21 pursuant to this section. The release or other use of information
22 received by a state governmental licensing entity pursuant to this
23 section, except as authorized by this section, is punishable as a
24 misdemeanor. This subdivision may not be interpreted to prevent
25 the State Bar of California from filing a request with the Supreme
26 Court of California to suspend a member of the bar pursuant to
27 this section.

28 ~~(2) To the extent permitted under federal law, a suspension or~~
29 ~~revocation of a license pursuant to this section shall not be reported~~

30 *(2) A suspension of, or refusal to renew, a license or issuance*
31 *of a temporary license pursuant to this section does not constitute*
32 *denial or discipline of a licensee for purposes of any reporting*
33 *requirements to the National Practitioner Data Bank.*

34 (r) If any provision of this section or the application thereof to
35 any person or circumstance is held invalid, that invalidity shall not
36 affect other provisions or applications of this section that can be
37 given effect without the invalid provision or application, and to
38 this end the provisions of this section are severable.

39 (s) All rights to review afforded by this section to an applicant
40 shall also be afforded to a licensee.

1 ~~(t) (1) If the state governmental licensing entity, as defined in~~
 2 ~~Section 6834 or 19265 of the Revenue and Taxation Code, does~~
 3 ~~not suspend, revoke, or deny renewal of a license within 90 days~~
 4 ~~of the mailing of preliminary notice as described in subdivision~~
 5 ~~(f), the State Board of Equalization or the Franchise Tax Board,~~
 6 ~~whichever is applicable, is authorized to suspend the license~~
 7 ~~pursuant to Section 6834 or 19265 of the Revenue and Taxation~~
 8 ~~Code.~~

9 ~~(2) If the state governmental licensing entity has not suspended,~~
 10 ~~revoked, or denied the renewal of a license within 90 days of the~~
 11 ~~mailing of the preliminary notice as described in subdivision (e),~~
 12 ~~the state governmental licensing entity shall promptly notify the~~
 13 ~~State Board of Equalization or the Franchise Tax Board, whichever~~
 14 ~~is applicable, and the licensee. The notification shall include the~~
 15 ~~reason why no action was taken by the state governmental licensing~~
 16 ~~entity.~~

17 ~~(3) If the election described in subparagraph (B) of paragraph~~
 18 ~~(4) of subdivision (b) has been made, the State Board of~~
 19 ~~Equalization or the Franchise Tax Board, whichever is applicable,~~
 20 ~~is authorized to suspend, pursuant to Section 6834 or 19265 of the~~
 21 ~~Revenue and Taxation Code, the license of a licensee subject to~~
 22 ~~the jurisdiction of the entity that made that election.~~

23 ~~(t)~~
 24 ~~(t) Unless otherwise provided in this section, the policies,~~
 25 ~~practices, and procedures of a state governmental licensing entity~~
 26 ~~with respect to license suspensions under this section shall be the~~
 27 ~~same as those applicable with respect to suspensions pursuant to~~
 28 ~~Section 17520 of the Family Code.~~

29 ~~(v)~~
 30 ~~(u) No provision of this section shall be interpreted to allow a~~
 31 ~~court to review and prevent the collection of taxes prior to the~~
 32 ~~payment of those taxes in violation of the California Constitution.~~

33 ~~(w)~~
 34 ~~(v) This section shall apply to any licensee whose name appears~~
 35 ~~on the lists of the 500 largest tax delinquencies pursuant to Sections~~
 36 ~~7063 and 19195 of the Revenue and Taxation Code on or after~~
 37 ~~January~~ July 1, 2012.

38 SEC. 4. Section 12419.13 is added to the Government Code,
 39 to read:

1 12419.13. (a) (1) The Controller shall, upon execution of a
2 reciprocal agreement between the State Board of Equalization or
3 the Franchise Tax Board, and any other state imposing a sales and
4 use tax, an income tax, or tax measured by income, offset any
5 delinquent tax debt due to that other state from a person or entity,
6 against any refund under the Sales and Use Tax Law, the Personal
7 Income Tax Law, or the Corporation Tax Law owed to that person
8 or entity.

9 (2) Standards and procedures for submission of requests for
10 offsets shall be as prescribed by the Controller.

11 (3) Payment of the offset amount shall occur only after other
12 offset requests for debts owed by a person or entity to this state or
13 the federal government have been satisfied in accordance with the
14 priority established under Section 12419.3.

15 (b) The reciprocal agreement identified in subdivision (a) shall
16 prescribe the manner in which the administrative costs of the
17 Controller, the State Board of Equalization, and the Franchise Tax
18 Board shall be reimbursed.

19 SEC. 5. Section 10295.4 is added to the Public Contract Code,
20 to read:

21 10295.4. (a) Notwithstanding any other law, a state agency
22 shall not enter into any contract for the acquisition of goods or
23 services with a contractor whose name appears on either list of the
24 500 largest tax delinquencies pursuant to Section 7063 or 19195
25 of the Revenue and Taxation Code. Any contract entered into in
26 violation of this subdivision is void and unenforceable.

27 (b) This section shall apply to any contract executed on or after
28 January ~~July~~ 1, 2012.

29 ~~SEC. 6. Section 6834 is added to the Revenue and Taxation~~
30 ~~Code, to read:~~

31 ~~6834. (a) (1) All state governmental licensing entities issuing~~
32 ~~professional or occupational licenses, certificates, registrations, or~~
33 ~~permits shall provide to the board the name and social security~~
34 ~~number or federal taxpayer identification number, as applicable,~~
35 ~~of each licensee of that state governmental licensing entity.~~

36 ~~(2) If any licensee appears on a list of the 500 largest tax~~
37 ~~delinquencies pursuant to Section 7063, and the license of that~~
38 ~~licensee has not been suspended, revoked, or denied by the~~
39 ~~applicable state governmental licensing entity pursuant to Section~~
40 ~~494.5 of the Business and Professions Code, then the board shall~~

1 mail a preliminary notice of suspension to the licensee indicating
2 that the license will be suspended by a date certain, which shall
3 be at least 60 days after the mailing of the preliminary notice,
4 unless prior to the date certain the licensee pays the unpaid taxes
5 or enters into an installment payment agreement, as described in
6 Section 6832, to satisfy the unpaid taxes. The preliminary notice
7 shall also advise the licensee of the opportunity to request deferral
8 or cancellation of a suspension pursuant to subdivision (b).

9 (3) ~~If any licensee subject to paragraph (2) fails to pay the unpaid
10 taxes or to enter into an installment payment agreement, as
11 described in Section 6832, to satisfy the unpaid taxes prior to the
12 date certain listed in the preliminary notice of suspension, his or
13 her license shall be automatically suspended by operation of this
14 section, except as provided in subdivision (b), and the board shall
15 provide a notice of suspension to the applicable state governmental
16 licensing entity and shall mail a notice of suspension to the
17 licensee. The state governmental licensing entity shall update its
18 records to reflect the suspension upon receipt of the notice of
19 suspension from the board. The rights, powers, and privileges of
20 any licensee whose license to drive a motor vehicle, professional
21 or occupational license, certificate, registration, or permit has been
22 suspended pursuant to this section shall be subject to the same
23 prohibitions, limitations, and restrictions as if the license to drive
24 a motor vehicle, professional or occupational license, certificate,
25 registration, or permit were suspended by the state governmental
26 licensing entity that issued the professional or occupational license,
27 certificate, registration, or permit.~~

28 (4) (A) ~~Upon compliance by the licensee with the tax obligation,
29 either by payment of the unpaid taxes or entry into an installment
30 payment agreement, as described in Section 6832, to satisfy the
31 unpaid taxes, a suspension pursuant to this subdivision shall be
32 canceled. The board shall, within 10 business days of compliance
33 by the licensee with the tax obligation, notify both the state
34 governmental licensing entity and the licensee that the unpaid taxes
35 have been paid or that an installment payment agreement, as
36 described in Section 6832, has been entered into to satisfy the
37 unpaid taxes and that the suspension has been canceled.~~

38 (B) ~~Whenever a suspension is canceled under this paragraph
39 and the applicable license or licenses have been suspended in error,
40 the board shall notify the state governmental licensing entity to~~

1 reinstate all applicable licenses back to the date of suspension and
2 expunge any notation of that suspension from the licensee's record.

3 ~~(5) If a license is not suspended, or if the suspension of a license
4 is canceled, based on the licensee entering into an installment
5 payment agreement as described in Section 6832, and the licensee
6 fails to comply with the terms of the installment payment
7 agreement, that license shall be suspended as of the date that is 30
8 days after the date of termination of that installment payment
9 agreement. If a license is suspended pursuant to this paragraph,
10 the board shall provide notice of suspension to the applicable state
11 governmental licensing entity and mail a notice of suspension to
12 the licensee.~~

13 ~~(6) State governmental licensing entities shall provide to the
14 board the information required by this subdivision at a time that
15 the board may require.~~

16 ~~(b) (1) The board may defer or cancel any suspension authorized
17 by this section if a licensee is unable to pay the liability due to a
18 current financial hardship. The board shall, if requested by the
19 licensee in writing, provide for an administrative hearing to
20 determine if the licensee is unable to pay the liability due to a
21 current financial hardship.~~

22 ~~(2) The request for a hearing specified in paragraph (1) shall be
23 made in writing within 30 days from the mailing date of the
24 preliminary notice described in subdivision (a).~~

25 ~~(3) The board shall conduct a hearing within 30 days after
26 receipt of a request pursuant to paragraph (1), unless the board
27 postpones the hearing, upon a showing of good cause by the
28 licensee, in which case a suspension pursuant to subdivision (a)
29 shall be deferred until the hearing has been completed.~~

30 ~~(4) A licensee seeking relief under this subdivision shall only
31 be entitled to relief described in paragraph (1) if the licensee
32 provides the board with financial documents that substantiate a
33 financial hardship, and agrees to an acceptable payment
34 arrangement.~~

35 ~~(5) If the deferral of a suspension of a license under this
36 subdivision is no longer operative, that license shall be suspended
37 as of the date that is 30 days after the date the deferral is no longer
38 operative. If a license is suspended pursuant to this paragraph, the
39 board shall provide notice of suspension to the applicable state
40 governmental licensing entity and mail a notice of suspension to~~

1 the licensee. The state governmental licensing entity shall update
2 its records to reflect the suspension upon receipt of the notice of
3 suspension from the board.

4 (e) For purposes of this section and Section 7057, the following
5 definitions shall apply:

6 (1) “Financial hardship” means financial hardship, as determined
7 by the board, where the licensee is financially unable to pay any
8 part of the amount described in subdivision (a). In order to establish
9 the existence of a financial hardship, the licensee shall submit any
10 information, including information related to reasonable business
11 and personal expenses, requested by the board for the purpose of
12 making that determination.

13 (2) “License” includes a certificate, registration, or any other
14 authorization to engage in a profession or occupation issued by a
15 state governmental licensing entity. “License” includes a driver’s
16 license issued pursuant to Chapter 1 (commencing with Section
17 12500) of Division 6 of the Vehicle Code.

18 (3) “Licensee” means an individual authorized by a license to
19 drive a motor vehicle or authorized by a license, certificate,
20 registration, or other authorization to engage in a profession or
21 occupation issued by a state governmental licensing entity.

22 (4) “State governmental licensing entity” means any entity listed
23 in Section 101, 1000, or 19420 of the Business and Professions
24 Code, the office of the Attorney General, the Department of
25 Insurance, the Department of Motor Vehicles, the Department of
26 Real Estate, and any other state agency, board, or commission that
27 issues a license, certificate, or registration authorizing an individual
28 to engage in a profession or occupation, including any certificate,
29 business or occupational license, or permit or license issued by
30 the Department of Motor Vehicles or the Department of the
31 California Highway Patrol. “State governmental licensing entity”
32 shall not include the Contractors’ State License Board, the
33 Department of Alcoholic Beverage Control, or the State Bar of
34 California.

35 (d) Notwithstanding any other law, a state governmental
36 licensing entity may, with the approval of the appropriate
37 department director or governing body, impose a fee on licensees
38 whose license has been suspended as described in subdivision (a).
39 The fee shall not exceed the amount necessary for the state
40 governmental licensing entity to cover its costs in carrying out the

1 provisions of this section. Fees imposed pursuant to this section
2 shall be deposited in the fund in which other fees imposed by the
3 state governmental licensing entity are deposited and shall be
4 available to that entity upon appropriation in the annual Budget
5 Act.

6 ~~(e) The process described in subdivision (b) shall constitute the~~
7 ~~sole administrative remedy for contesting the suspension of a~~
8 ~~license under this section. The procedures in the administrative~~
9 ~~adjudication provisions of the Administrative Procedure Act~~
10 ~~(Chapter 4.5 (commencing with Section 11400) and Chapter 5~~
11 ~~(commencing with Section 11500) of Part 1 of Division 3 of Title~~
12 ~~2 of the Government Code) shall not apply to the suspension of a~~
13 ~~license pursuant to this section.~~

14 (f) This section shall apply to any licensee whose name appears
15 on a list of the 500 largest tax delinquencies pursuant to Section
16 7063 on or after January 1, 2012.

17 ~~SEC. 7.~~

18 *SEC. 6.* Section 6835 is added to the Revenue and Taxation
19 Code, to read:

20 6835. (a) The board may enter into an agreement with the
21 Internal Revenue Service or any other state imposing a sales and
22 use tax, or a similar tax, for the purpose of collecting delinquent
23 tax debts with respect to amounts assessed or imposed under this
24 part, provided the agreements do not cause the net displacement
25 of civil service employees. The agreement may provide, at the
26 discretion of the board, the rate of payment and the manner in
27 which compensation for services shall be paid.

28 (b) At the discretion of the board, the Internal Revenue Service
29 or the other state collecting the tax debt pursuant to subdivision
30 (a) may, as part of the collection process, refer the tax debt for
31 litigation by its legal representatives in the name of the board.

32 (c) For purposes of this section, “displacement” includes layoff,
33 demotion, involuntary transfer to a new class, involuntary transfer
34 to a new location requiring a change of residence, and time base
35 reductions. “Displacement” does not include changes in shifts or
36 days off, nor does it include reassignment to any other position
37 within the same class and general location.

1 ~~SEC. 9.~~

2 *SEC. 8.* Section 7057 is added to the Revenue and Taxation
3 Code, to read:

4 ~~7057. (a) The board may disclose to state governmental~~
5 ~~licensing entities information regarding suspension of a license~~
6 ~~pursuant to Section 6834 of this code or Section 494.5 or 7145.5~~
7 ~~of the Business and Professions Code.~~

8 ~~(b) Neither the state governmental licensing entity, nor any~~
9 ~~officer, employee, or agent, or former officer, employee, or agent~~
10 ~~of a state governmental licensing entity, may disclose or use any~~
11 ~~information obtained from the board, pursuant to this section,~~
12 ~~except to inform the public of the suspension of a license pursuant~~
13 ~~to Section 6834 of this code or Section 494.5 or 7145.5 of the~~
14 ~~Business and Professions Code.~~

15 ~~(c) For purposes of this section, the definitions in Section 6834~~
16 ~~shall apply.~~

17 *7057. (a) The board may disclose to state governmental*
18 *licensing entities identifying information of persons appearing on*
19 *the list of the 500 largest tax delinquencies pursuant to Section*
20 *7063 for purposes of administering Section 494.5 of the Business*
21 *and Professions Code.*

22 *(b) Neither the state governmental licensing entity, nor any*
23 *officer, employee, or agent, or former officer, employee, or agent*
24 *of a state governmental licensing entity, may disclose or use any*
25 *information obtained from the board pursuant to this section,*
26 *except to administer Section 494.5 of the Business and Professions*
27 *Code or to inform the public of the denial, refusal to renew, or*
28 *suspension of a license or the issuance of a temporary license*
29 *pursuant to Section 494.5 of the Business and Professions Code.*

30 *(c) For purposes of this section, state governmental licensing*
31 *entity means a state governmental licensing entity as defined in*
32 *Section 494.5 of the Business and Professions Code.*

33 ~~SEC. 10.~~

34 *SEC. 9.* Section 7057.5 is added to the Revenue and Taxation
35 Code, to read:

36 *7057.5. (a) The board may disclose to state agencies*
37 *identifying information of persons appearing on the list of the 500*
38 *largest tax delinquencies pursuant to Section 7063 for purposes of*
39 *administering Section 10295.4 of the Public Contract Code.*

1 (b) A state agency, and any officer, employee, or agent, or
 2 former officer, employee, or agent of a state agency, shall not
 3 disclose or use any information obtained from the board, pursuant
 4 to this section, except to administer Section 10295.4 of the Public
 5 Contract Code.

6 ~~SEC. 11.~~

7 *SEC. 10.* Section 7063 of the Revenue and Taxation Code is
 8 amended to read:

9 7063. (a) Notwithstanding any other provision of law, the
 10 board shall make available as a matter of public record each quarter
 11 a list of the 500 largest tax delinquencies in excess of one hundred
 12 thousand dollars (\$100,000) under this part. For purposes of
 13 compiling the list, a tax delinquency means an amount owed to
 14 the board which is all of the following:

15 (1) Based on a determination made under Article 2 (commencing
 16 with Section 6481) or Article 3 (commencing with Section 6511)
 17 of Chapter 5 deemed final pursuant to Article 5 (commencing with
 18 Section 6561) of Chapter 5, or that is “due and payable” under
 19 Article 4 (commencing with Section 6536) of Chapter 5, or
 20 self-assessed by the taxpayer.

21 (2) Recorded as a notice of state tax lien pursuant to Chapter
 22 14 (commencing with Section 7150) of Division 7 of Title 1 of
 23 the Government Code, in any county recorder’s office in this state.

24 (3) For an amount of tax delinquent for more than 90 days.

25 (b) For purposes of the list, a tax delinquency does not include
 26 any of the following and may not be included on the list:

27 (1) A delinquency that is under litigation in a court of law.

28 (2) A delinquency for which payment arrangements have been
 29 agreed to by both the taxpayer and the board and the taxpayer is
 30 in compliance with the arrangement.

31 (3) A delinquency for which the taxpayer has filed for
 32 bankruptcy protection pursuant to Title 11 of the United States
 33 Code.

34 (c) Each quarterly list shall, with respect to each delinquency,
 35 include all the following:

36 (1) The name of the person or persons liable for payment of the
 37 tax and that person’s or persons’ last known address.

38 (2) The amount of tax delinquency as shown on the notice or
 39 notices of state tax lien and any applicable interest or penalties,
 40 less any amounts paid.

1 (3) The earliest date that a notice of state tax lien was filed.

2 (4) The type of tax that is delinquent.

3 (d) Prior to making a tax delinquency a matter of public record
4 as required by this section, the board shall provide a preliminary
5 written notice to the person or persons liable for the tax by certified
6 mail, return receipt requested. If within 30 days after issuance of
7 the notice, the person or persons do not remit the amount due or
8 make arrangements with the board for payment of the amount due,
9 the tax delinquency shall be included on the list.

10 (e) The quarterly list described in subdivision (a) shall include
11 the following:

12 (1) The telephone number and address of the board office to
13 contact if a person believes placement of his or her name on the
14 list is in error.

15 (2) The aggregate number of persons that have appeared on the
16 list who have satisfied their delinquencies in their entirety and the
17 dollar amounts, in the aggregate, that have been paid attributable
18 to those delinquencies.

19 (f) As promptly as feasible, but no later than 5 business days
20 from the occurrence of any of the following, the board shall remove
21 that taxpayer's name from the list of tax delinquencies:

22 (1) Tax delinquencies for which the person liable for the tax
23 has contacted the board and resolution of the delinquency has been
24 arranged.

25 (2) Tax delinquencies for which the board has verified that an
26 active bankruptcy proceeding has been initiated.

27 (3) Tax delinquencies for which the board has verified that a
28 bankruptcy proceeding has been completed and there are no assets
29 available with which to pay the delinquent amount or amounts.

30 (4) Tax delinquencies that the board has determined to be
31 uncollectible.

32 (g) A person whose delinquency appears on the quarterly list,
33 and who satisfies that delinquency in whole or in part, may request
34 the board to include in its quarterly list any payments that person
35 made to satisfy the delinquency. Upon receipt of that request, the
36 board shall include those payments on the list as promptly as
37 feasible.

38 (h) Notwithstanding subdivision (a), a person whose delinquency
39 appeared on the quarterly list and whose name has been removed
40 pursuant to paragraph (1) of subdivision (f) shall comply with the

1 terms of the arranged resolution. If a person fails to do so, the
 2 board shall add that person’s name to the list of delinquencies
 3 without providing the prior written notice required by subdivision
 4 (d).

5 ~~SEC. 12.~~

6 *SEC. 11.* Section 19195 of the Revenue and Taxation Code is
 7 amended to read:

8 19195. (a) Notwithstanding any other provision of law,
 9 including Section 6254.21 of the Government Code, the Franchise
 10 Tax Board shall make available as a matter of public record at
 11 least twice each calendar year a list of the 500 largest tax
 12 delinquencies in excess of one hundred thousand dollars (\$100,000)
 13 under Part 10 and Part 11 of this division. For purposes of
 14 compiling the list, a tax delinquency means the total amount owed
 15 by a taxpayer to the State of California for which a notice of state
 16 tax lien has been recorded in any county recorder’s office in this
 17 state, pursuant to Chapter 14 (commencing with Section 7150) of
 18 Division 7 of Title 1 of the Government Code.

19 (b) For purposes of the list, a tax delinquency does not include
 20 any of the following and may not be included on the list:

21 (1) A delinquency for which payment arrangements have been
 22 agreed to by both the taxpayer and the Franchise Tax Board and
 23 the taxpayer is in compliance with the arrangement.

24 (2) A delinquency for which the taxpayer has filed for
 25 bankruptcy protection pursuant to Title 11 of the United States
 26 Code.

27 (3) A delinquency for which the person or persons liable for the
 28 tax have contacted the Franchise Tax Board and for which
 29 resolution of the tax delinquency has been accepted by the
 30 Franchise Tax Board.

31 (c) Each list shall, with respect to each delinquency, include all
 32 the following:

33 (1) The name of the person or persons liable for payment of the
 34 tax and that person’s or persons’ address.

35 (2) The amount of tax delinquency as shown on the notice or
 36 notices of state tax lien and any applicable interest or penalties,
 37 less any amounts paid.

38 (3) The earliest date that a notice of state tax lien was filed.

39 (4) The type of tax that is delinquent.

1 (5) The type, status, and license number of any occupational or
2 professional license held by the person or persons liable for
3 payment of the tax.

4 (6) The names and titles of the principal officers of the person
5 liable for payment of the tax if that person is a limited liability
6 company or corporation. The Franchise Tax Board shall refer to
7 the limited liability company's or the corporation's Statement of
8 Information filed with the Secretary of State or to the limited
9 liability company's or the corporation's tax return filed pursuant
10 to this part to determine the principal officers of the limited liability
11 company or corporation. Principal officers appearing on a list
12 solely pursuant to this paragraph shall not be subject to Section
13 ~~19265, Section~~ 494.5 of the Business and Professions Code, or
14 Section 10295.4 of the Public Contract Code.

15 (d) Prior to making a tax delinquency a matter of public record
16 as required by this section, the Franchise Tax Board shall provide
17 a preliminary written notice to the person or persons liable for the
18 tax by certified mail, return receipt requested. If within 30 days
19 after issuance of the notice, the person or persons do not remit the
20 amount due or make arrangements with the Franchise Tax Board
21 for payment of the amount due, the tax delinquency shall be
22 included on the list.

23 (e) The list described in subdivision (a) shall include the
24 following:

25 (1) The telephone number and address of the Franchise Tax
26 Board office to contact if a person believes placement of his or
27 her name on the list is in error.

28 (2) The aggregate number of persons that have appeared on the
29 list who have satisfied their delinquencies in their entirety and the
30 dollar amounts, in the aggregate, that have been paid attributable
31 to those delinquencies.

32 (f) As promptly as feasible, but no later than five business days
33 from the occurrence of any of the following, the Franchise Tax
34 Board shall remove that taxpayer's name from the list of tax
35 delinquencies:

36 (1) Tax delinquencies for which the person liable for the tax
37 has contacted the Franchise Tax Board and resolution of the
38 delinquency has been arranged.

39 (2) Tax delinquencies for which the Franchise Tax Board has
40 verified that an active bankruptcy proceeding has been initiated.

1 (3) Tax delinquencies for which the Franchise Tax Board has
2 verified that a bankruptcy proceeding has been completed and
3 there are no assets available with which to pay the delinquent
4 amount or amounts.

5 (4) Tax delinquencies that the Franchise Tax Board has
6 determined to be uncollectible.

7 (g) A person whose delinquency appears on the list, and who
8 satisfies that delinquency in whole or in part, may request the
9 Franchise Tax Board to include in its list any payments that person
10 made to satisfy the delinquency. Upon receipt of that request, the
11 Franchise Tax Board shall include those payments on the list as
12 promptly as feasible.

13 (h) Notwithstanding subdivision (a), a person whose delinquency
14 appeared on the list and whose name has been removed pursuant
15 to paragraph (1) of subdivision (f) shall comply with the terms of
16 the arranged resolution. If the person fails to do so, the Franchise
17 Tax Board may add that person’s name to the list of delinquencies
18 without providing the prior written notice otherwise required by
19 subdivision (d).

20 ~~SEC. 13. Section 19265 is added to the Revenue and Taxation~~
21 ~~Code, to read:~~

22 ~~19265. (a) (1) All state governmental licensing entities issuing~~
23 ~~professional or occupational licenses, certificates, registrations, or~~
24 ~~permits shall provide to the Franchise Tax Board the name and~~
25 ~~social security number or federal taxpayer identification number,~~
26 ~~as applicable, of each licensee of that state governmental licensing~~
27 ~~entity.~~

28 ~~(2) If any licensee appears on a list of the 500 largest tax~~
29 ~~delinquencies pursuant to Section 19195, and the license of that~~
30 ~~licensee has not been suspended, revoked, or denied by the~~
31 ~~applicable state governmental licensing entity pursuant to Section~~
32 ~~494.5 of the Business and Professions Code, then the Franchise~~
33 ~~Tax Board shall mail a preliminary notice of suspension to the~~
34 ~~licensee indicating that the license will be suspended by a date~~
35 ~~certain, which shall be at least 60 days after the mailing of the~~
36 ~~preliminary notice, unless prior to the date certain the licensee~~
37 ~~pays the unpaid taxes or enters into an installment payment~~
38 ~~agreement, as described in Section 19008, to satisfy the unpaid~~
39 ~~taxes. The preliminary notice shall also advise the licensee of the~~

1 opportunity to request deferral or cancellation of a suspension
2 pursuant to subdivision (b):

3 (3) ~~If any licensee subject to paragraph (2) fails to pay the unpaid
4 taxes or to enter into an installment payment agreement, as
5 described in Section 19008, to satisfy the unpaid taxes prior to the
6 date certain listed in the preliminary notice of suspension, his or
7 her license shall be automatically suspended by operation of this
8 section, except as provided in subdivision (b), and the Franchise
9 Tax Board shall provide a notice of suspension to the applicable
10 state governmental licensing entity and shall mail a notice of
11 suspension to the licensee. The state governmental licensing entity
12 shall update its records to reflect the suspension upon receipt of
13 the notice of suspension from the Franchise Tax Board. The rights,
14 powers, and privileges of any licensee whose license to drive a
15 motor vehicle, professional or occupational license, certificate,
16 registration, or permit has been suspended pursuant to this section
17 shall be subject to the same prohibitions, limitations, and
18 restrictions as if the license to drive a motor vehicle, professional
19 or occupational license, certificate, registration, or permit were
20 suspended by the state governmental licensing entity that issued
21 the professional or occupational license, certificate, registration,
22 or permit.~~

23 (4) ~~(A) Upon compliance by the licensee with the tax obligation,
24 either by payment of the unpaid taxes or entry into an installment
25 payment agreement, as described in Section 19008, to satisfy the
26 unpaid taxes, a suspension pursuant to this subdivision shall be
27 canceled. The Franchise Tax Board shall, within 10 business days
28 of compliance by the licensee with the tax obligation, notify both
29 the state governmental licensing entity and the licensee that the
30 unpaid taxes have been paid or that an installment payment
31 agreement, as described in Section 19008, has been entered into
32 to satisfy the unpaid taxes and that the suspension has been
33 canceled.~~

34 ~~(B) Whenever a suspension is canceled under this paragraph
35 and the applicable license or licenses have been suspended in error,
36 the Franchise Tax Board shall notify the state governmental
37 licensing entity to reinstate all applicable licenses back to the date
38 of suspension and expunge any notation of that suspension from
39 the licensee's record.~~

1 ~~(5) If a license is not suspended, or if the suspension of a license~~
2 ~~is canceled, based on the licensee entering into an installment~~
3 ~~payment agreement as described in Section 19008, and the licensee~~
4 ~~fails to comply with the terms of the installment payment~~
5 ~~agreement, that license shall be suspended as of the date that is 30~~
6 ~~days after the date of termination of that installment payment~~
7 ~~agreement. If a license is suspended pursuant to this paragraph,~~
8 ~~the Franchise Tax Board shall provide notice of suspension to the~~
9 ~~applicable state governmental licensing entity and mail a notice~~
10 ~~of suspension to the licensee. The state governmental licensing~~
11 ~~entity shall update its records to reflect the suspension upon receipt~~
12 ~~of the notice of suspension from the Franchise Tax Board.~~

13 ~~(6) State governmental licensing entities shall provide to the~~
14 ~~Franchise Tax Board the information required by this subdivision~~
15 ~~at a time that the Franchise Tax Board may require.~~

16 ~~(b) (1) The Franchise Tax Board may defer or cancel any~~
17 ~~suspension authorized by this section if a licensee is unable to pay~~
18 ~~the liability due to a current financial hardship. The Franchise Tax~~
19 ~~Board shall, if requested by the licensee in writing, provide for an~~
20 ~~administrative hearing to determine if the licensee is unable to pay~~
21 ~~the liability due to a current financial hardship.~~

22 ~~(2) The request for a hearing specified in paragraph (1) shall be~~
23 ~~made in writing within 30 days from the mailing date of the~~
24 ~~preliminary notice described in subdivision (a).~~

25 ~~(3) The Franchise Tax Board shall conduct a hearing within 30~~
26 ~~days after receipt of a request pursuant to paragraph (1), unless~~
27 ~~the board postpones the hearing, upon a showing of good cause~~
28 ~~by the licensee, in which case a suspension pursuant to subdivision~~
29 ~~(a) shall be deferred until the hearing has been completed.~~

30 ~~(4) A licensee seeking relief under this subdivision shall only~~
31 ~~be entitled to relief described in paragraph (1) if the licensee~~
32 ~~provides the Franchise Tax Board with financial documents that~~
33 ~~substantiate a financial hardship, and agrees to an acceptable~~
34 ~~payment arrangement.~~

35 ~~(5) If the deferral of a suspension of a license under this~~
36 ~~subdivision is no longer operative, that license shall be suspended~~
37 ~~as of the date that is 30 days after the date the deferral is no longer~~
38 ~~operative. If a license is suspended pursuant to this paragraph, the~~
39 ~~Franchise Tax Board shall provide notice of suspension to the~~

1 applicable state governmental licensing entity and mail a notice
2 of suspension to the licensee.

3 (e) For purposes of this section and Section 19571, the following
4 definitions shall apply:

5 (1) “Financial hardship” means financial hardship within the
6 meaning of Section 19008, as determined by the Franchise Tax
7 Board, where the licensee is financially unable to pay any part of
8 the amount described in subdivision (a) and the licensee is unable
9 to qualify for an installment payment arrangement as provided for
10 by Section 19008. In order to establish the existence of a financial
11 hardship, the licensee shall submit any information, including
12 information related to reasonable business and personal expenses,
13 requested by the Franchise Tax Board for the purpose of making
14 that determination.

15 (2) “License” includes a certificate, registration, or any other
16 authorization to engage in a profession or occupation issued by a
17 state governmental licensing entity. “License” includes a driver’s
18 license issued pursuant to Chapter 1 (commencing with Section
19 12500) of Division 6 of the Vehicle Code.

20 (3) “Licensee” means an individual authorized by a license to
21 drive a motor vehicle or authorized by a license, certificate,
22 registration, or other authorization to engage in a profession or
23 occupation issued by a state governmental licensing entity.

24 (4) “State governmental licensing entity” means any entity listed
25 in Section 101, 1000, or 19420 of the Business and Professions
26 Code, the office of the Attorney General, the Department of
27 Insurance, the Department of Motor Vehicles, the Department of
28 Real Estate, and any other state agency, board, or commission that
29 issues a license, certificate, or registration authorizing an individual
30 to engage in a profession or occupation, including any certificate,
31 business or occupational license, or permit or license issued by
32 the Department of Motor Vehicles or the Department of the
33 California Highway Patrol. “State governmental licensing entity”
34 shall not include the Contractors’ State License Board, the
35 Department of Alcoholic Beverage Control, or the State Bar of
36 California.

37 (d) Notwithstanding any other law, a state governmental
38 licensing entity may, with the approval of the appropriate
39 department director or governing body, impose a fee on licensees
40 whose license has been suspended as described in subdivision (a).

1 ~~The fee shall not exceed the amount necessary for the state~~
 2 ~~governmental licensing entity to cover its costs in carrying out the~~
 3 ~~provisions of this section. Fees imposed pursuant to this section~~
 4 ~~shall be deposited in the fund in which other fees imposed by the~~
 5 ~~state governmental licensing entity are deposited and shall be~~
 6 ~~available to that entity upon appropriation in the annual Budget~~
 7 ~~Act.~~

8 ~~(e) The process described in subdivision (b) shall constitute the~~
 9 ~~sole administrative remedy for contesting the suspension of a~~
 10 ~~license under this section. The procedures in the administrative~~
 11 ~~adjudication provisions of the Administrative Procedure Act~~
 12 ~~(Chapter 4.5 (commencing with Section 11400) and Chapter 5~~
 13 ~~(commencing with Section 11500) of Part 1 of Division 3 of Title~~
 14 ~~2 of the Government Code) shall not apply to the suspension of a~~
 15 ~~license pursuant to this section.~~

16 ~~(f) This section shall apply to any licensee whose name appears~~
 17 ~~on a list of the 500 largest tax delinquencies pursuant to Section~~
 18 ~~19195 on or after January 1, 2012.~~

19 ~~SEC. 14.~~

20 *SEC. 12.* Article 7 (commencing with Section 19291) is added
 21 to Chapter 5 of Part 10.2 of Division 2 of the Revenue and Taxation
 22 Code, to read:

23
 24 Article 7. Collection of Tax Debts Due to the Internal Revenue
 25 Service or Other States
 26

27 19291. (a) The Franchise Tax Board may enter into an
 28 agreement to collect any delinquent tax debt due to the Internal
 29 Revenue Service or any other state imposing an income tax or tax
 30 measured by income if, pursuant to Section 19377.5, the Internal
 31 Revenue Service or that state has entered into an agreement to
 32 collect delinquent tax debts due the Franchise Tax Board.

33 (b) Upon written notice to the debtor from the Franchise Tax
 34 Board, any amount referred to the Franchise Tax Board under
 35 subdivision (a) shall be treated as final and due and payable to the
 36 State of California, and shall be collected from the debtor by the
 37 Franchise Tax Board in any manner authorized under the law for
 38 collection of a delinquent income tax liability, including, but not
 39 limited to, the recording of a notice of state tax lien under Article
 40 2 (commencing with Section 7170) of Chapter 14 of Division 7

1 of Title 1 of the Government Code, and the issuance of an order
2 and levy under Article 4 (commencing with Section 706.070) of
3 Chapter 5 of Division 2 of Title 9 of Part 2 of the Code of Civil
4 Procedure in the manner provided for earnings withholding orders
5 for taxes.

6 (c) Part 10 (commencing with Section 17001), this part, Part
7 10.7 (commencing with Section 21001), and Part 11 (commencing
8 with Section 23001) shall apply to amounts referred under this
9 section in the same manner and with the same force and effect and
10 to the full extent as if the language of those laws had been
11 incorporated in full into this section, except to the extent that any
12 provision is either inconsistent with this section or is not relevant
13 to this section.

14 (d) The activities required to implement and administer this
15 section shall not interfere with the primary mission of the Franchise
16 Tax Board to administer Part 10 (commencing with Section 17001)
17 and Part 11 (commencing with Section 23001).

18 (e) In no event shall a collection under this section be construed
19 as a payment of income taxes imposed under Part 10 (commencing
20 with Section 17001) or Part 11 (commencing with Section 23001).

21 ~~SEC. 15.~~

22 *SEC. 13.* Section 19377.5 is added to the Revenue and Taxation
23 Code, to read:

24 19377.5. (a) The Franchise Tax Board may enter into an
25 agreement with the Internal Revenue Service or any other state
26 imposing an income tax or tax measured by income for the purpose
27 of collecting delinquent tax debts with respect to amounts assessed
28 or imposed under Part 10 (commencing with Section 17001), this
29 part, or Part 11 (commencing with Section 23001), provided the
30 agreements do not cause the net displacement of civil service
31 employees. The agreement may provide, at the discretion of the
32 Franchise Tax Board, the rate of payment and the manner in which
33 compensation for services shall be paid.

34 (b) At the discretion of the Franchise Tax Board, the Internal
35 Revenue Service or the other state collecting the tax debt pursuant
36 to subdivision (a) may, as part of the collection process, refer the
37 tax debt for litigation by its legal representatives in the name of
38 the Franchise Tax Board.

39 (c) For purposes of this section, “displacement” includes layoff,
40 demotion, involuntary transfer to a new class, involuntary transfer

1 to a new location requiring a change of residence, and time base
 2 reductions. “Displacement” does not include changes in shifts or
 3 days off, nor does it include reassignment to any other position
 4 within the same class and general location.

5 ~~SEC. 16.~~

6 *SEC. 14.* Section 19533 of the Revenue and Taxation Code is
 7 amended to read:

8 19533. In the event the debtor has more than one debt being
 9 collected by the Franchise Tax Board and the amount collected by
 10 the Franchise Tax Board is insufficient to satisfy the total amount
 11 owing, the amount collected shall be applied in the following
 12 priority:

13 (a) Payment of any delinquencies transferred for collection
 14 under Article 5 (commencing with Section 19270) of Chapter 5.

15 (b) Payment of any taxes, additions to tax, penalties, interest,
 16 fees, or other amounts due and payable under Part 7.5 (commencing
 17 with Section 13201), Part 10 (commencing with Section 17001),
 18 Part 11 (commencing with Section 23001), or this part, and
 19 amounts authorized to be collected under Section 19722.

20 (c) Payment of delinquent wages collected pursuant to the Labor
 21 Code.

22 (d) Payment of delinquencies collected under Section 10878.

23 (e) Payment of any amounts due that are referred for collection
 24 under Article 5.5 (commencing with Section 19280) of Chapter
 25 5.

26 (f) Payment of any amounts that are referred for collection
 27 pursuant to Section 62.9 of the Labor Code.

28 (g) Payment of delinquent penalties collected for the Department
 29 of Industrial Relations pursuant to the Labor Code.

30 (h) Payment of delinquent fees collected for the Department of
 31 Industrial Relations pursuant to the Labor Code.

32 (i) Payment of delinquencies referred by the Student Aid
 33 Commission.

34 (j) Payment of any delinquencies referred for collection under
 35 Article 7 (commencing with Section 19291) of Chapter 5.

36 (k) Notwithstanding the payment priority established by this
 37 section, voluntary payments designated by the taxpayer as payment
 38 for a personal income tax liability or as a payment on amounts
 39 authorized to be collected under Section 19722, shall not be applied
 40 pursuant to this priority, but shall instead be applied as designated.

1 ~~SEC. 17.~~

2 *SEC. 15.* Section 19571 is added to the Revenue and Taxation
3 Code, to read:

4 ~~19571. (a) The Franchise Tax Board may disclose to state~~
5 ~~governmental licensing entities identifying information of persons~~
6 ~~appearing on the list of 500 largest tax delinquencies pursuant to~~
7 ~~Section 19195 for purposes of administering Section 494.5 of the~~
8 ~~Business and Professions Code.~~

9 ~~(b) Neither the state governmental licensing entity, nor any~~
10 ~~officer, employee, or agent, or former officer, employee, or agent~~
11 ~~of a state governmental licensing entity, may disclose or use any~~
12 ~~information obtained from the Franchise Tax Board pursuant to~~
13 ~~this section, except to administer Section 494.5 of the Business~~
14 ~~and Professions Code or to inform the public of the denial, refusal~~
15 ~~to renew, or suspension of a license or the issuance of a temporary~~
16 ~~license pursuant to Section 494.5 of the Business and Professions~~
17 ~~Code.~~

18 ~~(c) For purposes of this section, state governmental licensing~~
19 ~~entity means a state governmental licensing entity as defined in~~
20 ~~Section 494.5 of the Business and Professions Code.~~

21 *19571. (a) The Franchise Tax Board may disclose to state*
22 *governmental licensing entities identifying information of persons*
23 *appearing on the list of 500 largest tax delinquencies pursuant to*
24 *Section 19195 for purposes of administering Section 494.5 of the*
25 *Business and Professions Code.*

26 *(b) Neither the state governmental licensing entity, nor any*
27 *officer, employee, or agent, or former officer, employee, or agent*
28 *of a state governmental licensing entity, may disclose or use any*
29 *information obtained from the Franchise Tax Board pursuant to*
30 *this section, except to administer Section 494.5 of the Business*
31 *and Professions Code or to inform the public of the denial, refusal*
32 *to renew, or suspension of a license or the issuance of a temporary*
33 *license pursuant to Section 494.5 of the Business and Professions*
34 *Code.*

35 *(c) For purposes of this section, state governmental licensing*
36 *entity means a state governmental licensing entity as defined in*
37 *Section 494.5 of the Business and Professions Code.*

38 ~~SEC. 18.~~

39 *SEC. 16.* Section 19572 is added to the Revenue and Taxation
40 Code, to read:

1 19572. (a) The Franchise Tax Board may disclose to state
2 agencies identifying information of persons appearing on the list
3 of the 500 largest tax delinquencies pursuant to Section 19195 for
4 purposes of administering Section 10295.4 of the Public Contract
5 Code.

6 (b) A state agency, and any officer, employee, or agent, or
7 former officer, employee, or agent of a state agency, shall not
8 disclose or use any information obtained from the Franchise Tax
9 Board, pursuant to this section, except to administer Section
10 10295.4 of Public Contract Code.

11 *SEC. 17. Section 34623.1 is added to the Vehicle Code, to*
12 *read:*

13 *34623.1. The motor carrier permit of a licensee may be*
14 *suspended pursuant to Section 494.5 of the Business and*
15 *Professions Code if a licensee’s name is included on a certified*
16 *list of tax delinquencies provided by the State Board of*
17 *Equalization or the Franchise Tax Board pursuant to Section 7063*
18 *or Section 19195, respectively of the Revenue and Taxation Code.*

19 ~~SEC. 19.~~

20 *SEC. 18.* No reimbursement is required by this act pursuant to
21 Section 6 of Article XIII B of the California Constitution because
22 a local agency or school district has the authority to levy service
23 charges, fees, or assessments sufficient to pay for the program or
24 level of service mandated by this act or because costs that may be
25 incurred by a local agency or school district will be incurred
26 because this act creates a new crime or infraction, eliminates a
27 crime or infraction, or changes the penalty for a crime or infraction,
28 within the meaning of Section 17556 of the Government Code, or
29 changes the definition of a crime within the meaning of Section 6
30 of Article XIII B of the California Constitution.

COMPLETE BILL HISTORY

Attachment 2

BILL NUMBER : A.B. No. 1424
 AUTHOR : Perea
 TOPIC : Franchise Tax Board: delinquent tax debt.

TYPE OF BILL :

Active
 Non-Urgency
 Non-Appropriations
 Majority Vote Required
 State-Mandated Local Program
 Fiscal
 Non-Tax Levy

BILL HISTORY

2011

Aug. 22 In committee: Placed on APPR. suspense file.
 Aug. 18 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on APPR.
 Aug. 15 In committee: Hearing postponed by committee. From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on APPR.
 July 12 Read second time and amended. Re-referred to Com. on APPR.
 July 11 From committee: Do pass as amended and re-refer to Com. on APPR. (Ayes 6. Noes 3.) (July 6).
 June 22 In committee: Hearing postponed by committee.
 June 7 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on GOV. & F.
 June 6 From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Com. on GOV. & F.
 June 2 Referred to Com. on GOV. & F.
 May 26 In Senate. Read first time. To Com. on RLS. for assignment.
 May 26 Read third time. Passed. Ordered to the Senate. (Ayes 75. Noes 0. Page 1566.)
 May 19 Read second time. Ordered to consent calendar.
 May 18 From committee: Do pass. To consent calendar. (Ayes 17. Noes 0.) (May 18).
 May 5 Re-referred to Com. on APPR.
 May 4 Read second time and amended.
 May 3 From committee: Do pass as amended and re-refer to Com. on APPR. (Ayes 9. Noes 0.) (May 2).
 May 2 In committee: Set, first hearing. Referred to REV. & TAX. suspense file.
 Mar. 31 Referred to Com. on REV. & TAX.
 Mar. 23 From printer. May be heard in committee April 22.
 Mar. 22 Read first time. To print.

Senate Appropriations Committee Fiscal Summary
 Senator Christine Kehoe, Chair

AB 1424 (Perea)

Hearing Date: 08/25/2011 Amended: 08/18/2011
 Consultant: Mark McKenzie Policy Vote: G&F 6-3

BILL SUMMARY: AB 1424 would require both the Franchise Tax Board (FTB) and the Board of Equalization (BOE) to expand public lists of tax delinquents to include the 500 largest tax delinquencies and provide for the suspension of professional, occupational and driver's licenses of those whose names appear on the lists.

Fiscal Impact (in thousands)

Major Provisions	2011-12	2012-13	2013-14	Fund
FTB: tax revenue collections (\$26,000) General		(\$19,000)	(\$24,000)	
BOE: tax revenue collections (\$528)General*		(\$264)	(\$528)	
FTB administration	\$750	\$600	\$600	General
BOE administration	\$75	\$125	\$125	General
DMV: license suspensions \$91Special**		\$400	\$98	
DCA, DRE, CDI, CHP eachSpecial***	Unknown, likely moderate costs for state entity to administer license suspensions			

* Staff notes that total sales and use tax revenue gains are estimated at approximately \$1.1 million annually. Figures shown reflect only the General Fund portion.

**Motor Vehicle Account

*** Various Special Funds

STAFF COMMENTS: SUSPENSE FILE.

Existing law requires the FTB to annually publish, and the BOE to quarterly publish, a list of the 250 largest tax delinquencies of more than \$100,000 in taxes owed. A delinquency would be defined as an amount owed under state tax

AB 1424 (Perea)
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laws administered by each agency and recorded as a notice of state lien in any county recorder's office. A delinquency would not be included on the list if: it is currently under litigation; payment arrangements have been agreed to by both the taxpayer and the agency; the taxpayer has filed for bankruptcy protection; or FTB has not rejected a proposal for resolution of the delinquency, as specified. Existing law also requires BOE and FTB to provide 30-day advance notice by certified mail to allow a taxpayer the opportunity to make arrangements to resolve the delinquency prior to inclusion on the list, and would provide a mechanism for removal of a delinquency from the list.

This bill is intended to increase tax compliance and enforcement in order to reduce the tax gap. Among other things, this bill would:

Increase the BOE and FTB public lists of the top 250 tax

delinquencies to the top 500 tax delinquencies and require FTB to publish its list twice a year. FTB's list would also include information on any professional or occupational licenses held by each tax delinquent.

Provide for the suspension of occupational, professional, and driver's licenses of tax delinquents who appear on the public lists.

Require specified state governmental licensing entities to refuse to issue or renew a license, and to suspend a license if a licensee's name appears on the public lists.

Prescribe notice requirements, timeframes for compliance, and a process for challenging the submission of a name on the lists in order to provide due process to those who may be subject to license suspension.

Require BOE and FTB to create release forms that provide for the removal of a person from the tax delinquency lists upon payment of unpaid taxes or entry into an installment agreement, or in cases of financial hardship.

Prohibit a state agency from entering into a contract for goods or services with a contractor whose name appears on the tax delinquency lists.

Authorize BOE and FTB to enter into reciprocal agreements with the Internal Revenue Service or other states to provide for the collection of tax debts.

This bill would require the Attorney General, the Department of Insurance (CDI), the Department of Motor Vehicles (DMV), the State Bar, the Department of Real Estate (DRE), and any other

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state agency, board, or commission that issues an occupational or professional license to administer provisions related to license suspensions. Each of these entities would be required to revise application forms, collect the social security numbers of applicants for purposes of matching names on BOE and FTB lists, and administer the prescribed due process provisions prior to suspending licenses. The DMV indicates that it would incur one-time programming costs of \$400,000 and ongoing administrative costs of nearly \$100,000 for .7 PY of staff time.

Administrative costs incurred by the other specified entities are currently unknown, but likely minor to moderate, depending on the number of licensees who appear on the lists. Staff notes that the bill authorizes state governmental licensing entities to impose a fee on a licensee whose license has been suspended, not to exceed administrative costs incurred. Most of the occupational and professional licensing entities are likely to suspend very few licenses in any given year, so it is unclear whether fees charged to those whose licenses are suspended would be sufficient to cover costs. FTB indicates, for example, that 42 of the individuals on the current list of 250 tax delinquents possess an occupational license.

Since the publication of the top 250 tax delinquencies by the BOE and FTB in 2007, the state has collected an additional \$81 million in income and corporate taxes, and over \$5 million in taxes owed to the BOE. Increasing the list to include the top 500 tax delinquencies in conjunction with additional collection tools is anticipated to increase tax revenue collections by approximately \$25 million annually.

The BOE indicates that the current list of 250 sales and use tax accounts of over \$100,000 amounts to over \$400 million in aggregate tax delinquencies. Expanding the list to 500 delinquent accounts is expected to add \$100 million in outstanding delinquencies to the list, for a total of over \$500 million. BOE estimates that increasing the list of tax delinquencies and providing authority to suspend professional, occupational, and driver's licenses could generate an additional \$1.1 million in annual state and local sales and use tax collections, of which \$528,000 would be attributable to the General Fund. BOE would incur administrative staffing costs of

approximately \$75,000 in 2011-12 and ongoing costs of \$125,000 to manage the list of tax delinquencies.

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FTB estimates first year implementation costs would be \$750,000 and ongoing annual costs would be approximately \$600,000. These amounts do not include costs to manage reciprocal collections with the IRS or other states because any costs would be contingent upon other states enacting legislation that provides similar authority. As of May of 2011 the top 250 delinquent taxpayers owed more than \$180 million in personal income and corporate taxes, with individual debts ranging from \$300,000 to over \$14 million. FTB estimates that this bill would result in increased tax collections of \$19 million in 2011-12, \$24 million in 2012-13, and \$26 million in 2013-14.