

Caltaxletter

VOL. XVII, NO. 34 – OCTOBER 1, 2004

CAL-TAX: BUSINESS COMMUNITY MUST UNITE BEHIND CPR'S CALIFORNIA TAX COMMISSION RECOMMENDATION

The California Taxpayers' Association Board of Directors is calling on the broader business community to unite and support Governor Schwarzenegger's California Performance Review recommendation for a consolidated California Tax Commission. Tax agency consolidation is an issue the Cal-Tax Board has encouraged in recent years. The specific CPR recommendation for a California Tax Commission has been extensively discussed by the Cal-Tax Executive Committee and Board.

In a written statement and testimony to CPR commissioners, Cal-Tax President Larry McCarthy urged support for a commission as an historic opportunity to do what California has been unable to achieve in the last 50 years: Eliminate the confusion of separate tax agencies in California. This change will move fragmented tax administration in California dramatically in the directions of greater certainty, predictability and fairness for all taxpayers, including those operating businesses in the state. Cal-Tax also supports creation of an Office of Management and Budget.

Cal-Tax is offering a draft of a joint letter and asking Business Associations, businesses and individual taxpayers to sign in support of the California Tax Commission or to write their own letters to the California Performance Review Commission and Governor Schwarzenegger. (Click [here](#) to see the Cal-Tax joint letter.)

Board of Equalization Member Bill Leonard has endorsed the California Tax Commission recommendation (click [here](#) to see Mr. Leonard's Cal-Tax Digest article on the issue).

Mr. McCarthy said, "The California Tax Commission will be an enormous step forward for California's business climate. California now has a reputation around the world as a place that treats business unfairly and unpredictably in the tax administration process. CFO magazine annually ranks California at or near the bottom in terms of fairness and predictability in tax administration."

He added, "Unelected and unaccountable bureaucrats at the Franchise Tax Board have undercut policy directions of the California Legislature and governors. The clear pattern of behavior is to base tax administration on a revenue result. This has damaged California's credibility and undercuts this states ability to attract investment. As lawmakers have attempted over the years to attract investment, the FTB has worked in the other direction.

"It is clear at this point," he continued, "that forces working to preserve the status quo are encouraging a discussion of a tax court and a Department of Revenue in order to divert attention away from tax agency consolidation. The business community may not have another opportunity like this to gain clarity, consistency and fairness in tax administration. It is critical for business to mobilize."

For more information on how to sign onto this position letter, contact Lisa Martin, (lisa@caltax.org)