

AB 567 (Gipson) - Oppose



Date: June 1, 2015
To: Members, Senate Governance & Finance Committee
From: Gina Rodriguez, CalTax's Vice President of State Tax Policy
Subject: OPPOSITION to AB 567 (Gipson), as introduced February 24, 2015

The listed organizations oppose AB 567, which would allow the State Board of Equalization (BOE) and county assessors to disclose to the public otherwise confidential taxpayer information regarding potential changes in ownership/control of interests in legal entities that own real property; and whether the BOE has issued a determination to an assessor regarding change in ownership information.

There is no valid reason to begin violating taxpayers' fundamental protection of keeping their tax information confidential. The bill would deteriorate taxpayer privacy by allowing confidential tax information to be released to the public; and would allow the information to be released without tax officials first making a proper determination regarding a property owner's taxes.

This bill would not promote "transparency," because no public interest would be served by allowing tax officials to release confidential tax information regarding changes in ownership. In fact, an erosion of trust would occur, as the public is acutely aware that tax agencies currently must safeguard their tax information, and this bill would break that trust. Oftentimes, no change-in-ownership statement is filed because no change in ownership occurred. In these cases, what purpose is served in disclosing to the public that no form was filed?

The author's background sheet states, "If a constituent believes that a **possible** change in ownership has occurred but the legal entity has not filed the [change-in-ownership] form, [the constituent] can call the BOE and inquire. After BOE receives the inquiry and finds that entity has not filed the form (possibly because [the entity] believes a change in ownership did not occur), BOE can request the entity to file the form and evaluate whether or not a change in

ownership occurred.” This is exactly how the system works now, and how it should continue to work. No tax information is disclosed, nor should it be, and the BOE should investigate possible changes in ownership or control by legal entities.

The Franchise Tax Board’s agreement with the BOE to provide confidential change-in-ownership tax-return data falls under the authority of protected confidential information, and under the terms of the state agency agreement, BOE must “keep the information confidential and only use it for tax administration purposes,” according to the FTB. This bill eliminates this taxpayer protection.

More and more tax information that should remain confidential is indiscriminately made available to the public. The benefits to be derived from such disclosures are speculative at best, and do not warrant taking the risk of inaccuracies or other adverse consequences that may undermine public confidence in the tax system.

For the foregoing reasons, the following organizations oppose AB 567.

Air Logistics Corporation
Associated Builders and Contractors of California
Associated Builders and Contractors – San Diego Chapter
Building Owners and Manager Association of California
California Association of Boutique & Breakfast Inns
California Business Properties Association
California Chamber of Commerce
California Hotel & Lodging Association
California Manufacturers & Technology Association
California Tank Lines Inc.
California Taxpayers Association

Chemical Transfer Co.
Council on State Taxation
Family Business Association
International Council of Shopping Centers
Kern County Taxpayers Association
NAIOP of California, the Commercial Real Estate Development Association
National Federation of Independent Business
Silicon Valley Leadership Group
Superior Tank Wash Inc.
TechAmerica
TechNet
West Coast Leasing, LL

