

## STATE OF CALIFORNIA

## Budget Change Proposal - Cover Sheet

DF-46 (REV 08/16)

Fiscal Year 2017-18	Business Unit 0860	Department State Board of Equalization	Priority No. 4
------------------------	-----------------------	---	-------------------

Budget Request Name 0860-004-2017-GB	Program <b>LEAD-ACID BATTERY FEE</b>	Subprogram <b>STATE BOARD OF EQUALIZATION</b>
---	---	--

Budget Request Description AB-2153 Lead-Acid Battery Fee	BOARD APPROVED At the <u>October 25, 2016</u> Board Meeting <u>Joann Richmond</u> Joann Richmond, Chief Board Proceedings Division
---	--

**Budget Request Summary**  
 The State Board of Equalization (BOE) requests \$1.2 million and 2.6 positions in fiscal year (FY) 2016-17, and \$832,000, and 4.8 positions in fiscal year (FY) 2017-18, and \$1.5 million and 7.6 positions in FY 2018-19 and \$1.4 million and 9.0 positions in FY 2019-20 and ongoing, to implement and administer the provisions of Assembly Bill (AB) 2153 (Chapter 666, Statutes of 2016), the Lead-Acid Battery Recycling Act of 2016. The Lead-Acid Battery Recycling Act of 2016 imposes a new fee on consumers and manufacturers of lead-acid batteries. Revenues collected, less refunds and expense reimbursement to the BOE will be deposited into the Lead-Acid Battery Cleanup Fund, which this bill creates. A \$1.2 million special fund loan is made to the BOE from the California Tire Recycling Management Fund to the Lead-Acid Battery Cleanup Fund for implementation costs. The Act requires the loan to be repaid by October 1, 2017. Emergency regulation authority is also provided to the BOE. The Lead-Acid Battery Recycling Act of 2016 creates a new program and workload that cannot be absorbed by the BOE including programming, registering fee payers, processing returns, collecting the fee, and processing audits and appeals.

Requires Legislation <input type="checkbox"/> Yes <input type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
Does this BCP contain information technology (IT) components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No.	Project Approval Document:	Approval Date:
-------------	----------------------------	----------------

If proposal affects another department, does other department concur with proposal? ☐ Yes ☐ No  
 Attach comments of affected department, signed and dated by the department director or designee.

Budget Officer	Date	Chief, Business Management Division	Date
Deputy Director, Administration	Date	Executive Director	Date

## Department of Finance Use Only

Additional Review: ☐ Capital Outlay ☐ ITCU ☐ FSCU ☐ OSAE ☐ CALSTARS ☐ Dept. of Technology

BCP Type: <input type="checkbox"/> Policy <input type="checkbox"/> Workload Budget per Government Code 13308.05
---

PPBA	Date submitted to the Legislature
------	-----------------------------------

Item P6.1b Revision 1  
10-25-16

## Analysis of Problem

### A. Budget Request Summary

The State Board of Equalization (BOE) requests \$1.2 million and 2.6 positions in fiscal year (FY) 2016-17, and \$832,000, and 4.8 positions in fiscal year (FY) 2017-18, and \$1.5 million and 7.6 positions in FY 2018-19 and \$1.4 million and 9.0 positions in FY 2019-20 and ongoing, to implement and administer the provisions of Assembly Bill (AB) 2153 (Chapter 666, Statutes of 2016), the Lead-Acid Battery Recycling Act of 2016.

The Lead-Acid Battery Recycling Act imposes a new fee on consumers and manufacturers of lead-acid batteries. Revenues collected, less refunds and expense reimbursement to the BOE will be deposited into the Lead-Acid Battery Cleanup Fund, which this bill creates.

A \$1.2 million special fund loan is made to the BOE from the California Tire Recycling Management Fund to the Lead-Acid Battery Cleanup Fund for implementation costs and requires the loan to be repaid by October 1, 2017. Emergency regulation authority is also provided to the BOE.

The Lead-Acid Battery Recycling Act creates a new program and workload that cannot be absorbed by the BOE including programming, registering feepayers, processing returns, collecting the fee, and processing audits and appeals. Without the requested resources, the BOE will not be able to implement the Lead-Acid Battery Recycling Act.

### B. Background/History

Existing law does not impose a specific excise tax or fee on the purchase of replacement lead-acid batteries. Sales of such products are subject to sales and use tax.

AB 2153 enacts the Lead-Acid Battery Recycling Act of 2016. On and after April 1, 2017 until March 31, 2022, a \$1.00 California battery fee will be imposed on a person (consumer), as defined in section 25215.1 of the Health and Safety Code, for each purchase of a replacement lead-acid battery from a retail dealer. This bill requires a dealer to register, collect and remit the fee to the BOE, and allows the dealer to retain 1.5% of fees collected for fee collection reimbursement costs.

The Lead-Acid Battery Recycling Act also authorizes, on and after April 1, 2017 and until March 31, 2022, a \$1.00 manufacturer battery fee on manufacturers for each lead-acid battery sold at retail to a person in California, or that is sold to a dealer, wholesaler, distributor, or other person for retail sale in California. Manufacturers are required to register and remit the fees to the BOE.

On and after April 1, 2022, the \$1.00 manufacturer battery fee terminates, unless extended by statute and the California battery fee imposed on consumers will increase to \$2.00. All fees collected under this program will be collected pursuant to the Fee Collection Procedures Law, and deposited into a special fund for use by the Department of Toxic Substances Control (DTSC).

The BOE is in the process of implementing the Centralized Revenue Opportunity System (CROS) infrastructure project, which will replace the BOE's legacy systems. However, phase I of CROS will not be implemented until March of 2018. Therefore, the provisions of the Lead-Acid Battery Recycling Act will be implemented in the BOE's current system, which is the Integrated Revenue Information System (IRIS). In addition, there may be major implementation issues with resources if Proposition 56, The California Healthcare, Research and Prevention Tobacco Tax Act of 2016, passes as it would also begin on April 1, 2017.

### C. State Level Considerations

The BOE collects taxes, fees, and surcharges that provide over 30 percent of the annual revenue for state government and essential funding for counties, cities, and special taxing districts. In FY 2014-15, the BOE administered taxes and fees that produced \$60.5 billion for education, public safety, transportation, housing, health services, social services, and natural resource management. The BOE

## Analysis of Problem

administers the state's sales and use, fuel, alcohol, tobacco, and other taxes and fees that fund specific programs. More than one million businesses are registered with the agency.

This proposal is consistent with the BOE's mission to serve the public through fair, effective and efficient tax administration. Specifically, this proposal allows the BOE to fully implement and administer the Lead-Acid Battery Recycling Act of 2016. This proposal is consistent with, and supports, the BOE's strategic plan by maximizing voluntary compliance, enhancing operational effectiveness, and investing in the organization. Specifically, this proposal addresses Goal 1: Maximizing Voluntary Compliance by providing the tools, information, and customer service necessary to help feepayers understand and fulfill their tax and fee obligations.

### **D. Justification**

The Lead-Acid Battery Recycling Act of 2016 creates an entirely new fee program to be administered by the BOE, effective April 1, 2017. Retailers and manufacturers of lead-acid batteries will need to register with the BOE, the retailer will need to collect the fee from their customers and remit the total fee less the reimbursement amounts collected to the BOE and manufacturers will need to pay the fee to the BOE.

The new program will be implemented by the Business Tax and Fee Department (BTFD) in cooperation with the Technology Services Department and Administration Department. The Special Taxes Program and Compliance Division (STPCD) will be responsible for leading the program implementation, registration, return processing, and collection functions. The new program's subsequent audit and appeal functions will be handled by BTFD's Special Taxes Audit and Carrier Division (STACD).

This new fee program will require the BOE to register approximately 20,000 new feepayers (see below for the basis of this estimate) and impact the workload of numerous departments within the BOE, including STPCD, which is currently responsible for administering 30 tax and fee programs. In order to effectively administer this new fee program, critical resources are requested for the following areas.

#### Registration

BTFD's STPCD will be responsible for registering approximately 20,000 feepayers. The feepayer estimate is based on sales and use tax registration data for specific North American Industrial Classification (NAICS) codes for battery manufacturers, vehicle part supply wholesalers, new car and boat dealers, auto parts stores, gas stations, auto repair shops and warehouse/club stores. The BOE's registration data NAICS code list contained approximately 28,500 potential lead-acid battery sellers. Based on a review of the NAICS, the BOE estimates that 30 percent of all potential NAICS categories do not sell lead-acid batteries, resulting in the estimate of 20,000 feepayers. The BOE also compared this population to tire fee program feepayers, which had 14,023 accounts with the BOE as of June 30, 2016.

The BOE utilizes an online web-based registration system. Feepayers registering with the BOE will utilize the registration system by answering a series of questions about their business operations so they may receive all the licenses and permits necessary for their business. The registration system will require programming to incorporate the additional questions necessary to properly identify manufacturers and retailers of replacement lead-acid batteries, so the feepayer will receive the proper licenses and permits for their business and returns and schedules for reporting the lead-acid battery recycling fee.

Currently, there are no entities registered for the lead-acid battery recycling fee. However, since the sale of a lead-acid battery represents the sale of tangible personal property, many sellers of lead-acid batteries are already registered with the BOE for sales and use tax purposes. The BOE will need to create and distribute outreach materials to potential sellers of replacement lead-acid batteries so they may register with the BOE as required by law. Existing seller's permit holders who sell replacement lead-acid batteries will need to register with the BOE, so they will receive the necessary account, and

## Analysis of Problem

returns for reporting the lead-acid battery recycling fee. Registration will occur through the BOE's online registration system.

### Return Processing

Extensive programming will be required through the BOE's IRIS and mid-tier applications. The lead-acid battery fee return is required to be electronically filed. The new fee will need to be reported on a new online return form. Retailers and manufacturers will need to be classified under separate "Taxable Activity Types" (TATs), and new separate return forms will be required for each TAT. This is due to the different imposition points of the fee (consumer vs. manufacturer). Also, the 1.5 percent reimbursement of collection costs is only available for retailers, and different outreach for each group necessitate the need for separate TATs, since the manufacturer filing requirement will sunset. This will require creation and maintenance of two new separate electronic returns for retailers and manufacturers of replacement lead-acid batteries. Additionally, return programming is necessary to accommodate the provision that allows retailers to retain 1.5 percent of the recycling fee collected from their customers for fee collection reimbursement costs.

Return processing staff will be responsible for critical return/payment processing, account maintenance, account billings and adjustments and desk review activities. As with any new fee program, it is anticipated that feepayers will need assistance when registering, filing returns, and making payments.

### Collections

Since the lead-acid battery fee represents new liabilities for feepayers, new fee requirement will result in new delinquencies for feepayers. Additionally, feepayers registered under this new program may file non-remittance, partial remittance or late returns, resulting in a billing, subject to collection action.

Therefore, the BOE must develop delinquency and billing notices in IRIS for this new program. Collection capabilities are necessary in order to have lien, withhold and levy capabilities in our Automated Compliance Management System (ACMS) for the new program.

### Audits

The audit component is vital to the effective administration of a new tax or fee program. Audits for the Lead-Acid Battery Recycling program would generally be conducted on the registered retailers and manufacturers to determine if the proper fee amount was imposed, collected and paid to the BOE on their sales of replacement lead-acid batteries. Each audit is independently reviewed to ensure it is complete and accurate.

### Appeals

Audit assessments of the new fee will result in petitions for redetermination. The BOE will handle all aspects of the appeals process. However, the BOE will not accept any appeal on the grounds that a battery is not a lead-acid battery. The BOE will forward such appeals to the DTSC for processing. This will impact all phases of the appeals process resulting in additional workload for staff to process. Feepayers are entitled to appeal and to have their appeal heard at each level of the appeal process.

### Refunds

Additionally, feepayers, whether under audit or not, are eligible to file a claim for refund on fees they have overpaid, and, on behalf of their customers, if the fees were paid to the state in error. The BOE will handle all aspects of the refunds process. However, the BOE will forward requests for refund based on the grounds that a battery is not a lead-acid battery to the DTSC for processing.

### Distribution of Revenue

A subject matter expert in the Accounting Branch will be required to participate in the development and testing phases for the incorporation of this new fund. Maintenance, reconciliation, and reporting of new fund will require numerous analyses, interim statements, and special reports prepared. This fund will require special reporting to all stakeholders. The Accounting Branch will monitor critical cash flow.

## Analysis of Problem

### Other Administrative Functions

Staff will need to coordinate with the Technology Services Department on programming changes and system requirements, attend Joint Application Development meetings and prepare business requirements for the information systems (IRIS and CROS). Staff will need to conduct industry research and coordinate the regulatory process for the Lead-Acid Battery Recycling program. Additionally, staff must develop new forms, publications, special notices, web pages, and policy memorandums, and provide training and technical advice to staff and the general public.

This new fee will create new feepayer payments to be opened and processed through the mail and staff will need to ensure all checks are scanned, and all processed in a timely manner.

### **E. Outcomes and Accountability.**

According to the BOE's Legislative and Research Division (LRD), California accounts for 12 percent of the replacement lead-acid batteries sold in the nation. In 2015, industry data indicated 105.3 million lead-acid batteries were sold nationally. LRD estimates 12.6 million lead-acid batteries were sold in California in calendar year 2015 (105.3 million x 12 percent). Furthermore, LRD estimates that 13 million lead-acid batteries will be sold in California in calendar year 2017, an increase of 3.2 percent over a two-year period, which represents a 1.6 percent increase in sales and revenue each year. Based on the maximum fee of \$2 per battery (consumer and manufacturer fee), annual revenues in calendar year 2018 are estimated to be \$26.4 million (13.2 million batteries x \$2).

Projected Annual Revenue:

Calendar Year 2017 - \$19.5 million (Starts April 1, 2017)\*

Calendar Year 2018 - \$26.4 million\*\*

Calendar Year 2019 - \$26.8 million\*\*\*

Calendar Year 2020 - \$27.3 million\*\*\*\*

\*13,000,000 lead-acid batteries x \$2.00/unit x 0.75 (Apr. 2017- Dec. 2017) = \$19.5 million

\*\*13,208,000 lead-acid batteries x \$2.00/unit = \$ 26.4 million

\*\*\*13,419,000 lead-acid batteries x \$2.00/unit = 26.8 million

\*\*\*\* 13,633,000 lead-acid batteries x \$2.00/unit = \$27.3 million

The BOE continues to work with the Department of Finance to manage long-term vacancies and reduce vacancy rates. A comprehensive proposal to the Board and Legislature, in conjunction with current audits and facility planning, will provide a set of specific action items and control processes that will guide future position decisions, vacancy elimination, reclassifications, and program growth.

### **F. Analysis of All Feasible Alternatives**

**Alternative 1 – Provide requested resources to implement the Lead-Acid Battery Recycling Act as required by AB 2153.**

The BOE requests the following to implement and administer Lead-Acid Battery Recycling Act:

- \$1.2 million and 2.6 positions in FY 2016-17.
- \$832,000 and 4.8 positions in FY 2017-18.
- \$1.5 million and 7.6 positions in FY 2018-19 and
- \$1.4 million and 9.0 positions in FY 2019-20 and ongoing.

**Pros:**

- Provides resources to fully implement and administer the Lead-Acid Battery Recycling Act.

## Analysis of Problem

- Ensures the revenues intended to be collected for this program are realized.
- Legislative mandate will be met.

### Cons:

- Requires budget augmentation.
- Requires a loan from the California Tire Recycling Management Fund for program start-up costs in FY 2016-17 until revenues materialize in the new fund.

### Alternative 2 – Provide two-year limited-term resources to implement the Lead-Acid Battery Recycling Act.

#### Pros:

- Provides temporary resources to implement and administer the Lead-Acid Battery Recycling Act.
- Ensures revenues are temporarily realized.
- Legislative mandate will be temporarily met.
- Allows the BOE to assess long term staffing needs.

#### Cons:

- Provides a temporary solution to a permanent workload.
- Requires a temporary budget augmentation.
- Using Limited Term (LT) positions creates recruitment and turnover challenges.

### Alternative 3 – Do not provide the requested resources.

#### Pros:

- Does not require a budget augmentation.

#### Cons:

- Without resources, the BOE is unable to implement and administer this new fee program.
- Legislative mandates will not be met.
- Revenues from the Lead-Acid Battery Recycling Act will not be realized by the state.

## G. Implementation Plan

The following table details the implementation plans and ongoing resource activities of the new legislation for each program.

Activity	Date (Approximate)
Hire and train new staff for program implementation and administration (BTFD-STPCD-PAB)	October 2016 and ongoing
Design, program and test registration system	October 2016
Design, program and test new return	October 2016
Design, program and test IRIS to capture data and allocate to new fund	October 2016
Design, program and test IRIS for online services	October 2016



## Analysis of Problem

Design, program and test IRIS for collection, audit and appeal capabilities	October 2016
Register feepayers for the new program	March 2017
Perform registration and account maintenance as necessary (BTFD-STPCD-CRB)	March 2017 and ongoing
Train existing staff – Handle public inquiries (EAD-CSPD-CSC)	January 2017 and ongoing
Outreach to new feepayers and public	March 2017 and ongoing
Exchange information with DTSC as needed	Ongoing
Respond to technical questions regarding the fee	Ongoing
Hire staff to process incoming mail, and processing payments	July 2017 and ongoing
Prepare reports as necessary	July 2017 and ongoing
Process payments as necessary (BTFD-STPCD-RPB)	July 2017 and ongoing
Perform collection activities as necessary (BTFD-STPCD-CRB)	July 2017 and ongoing
Perform refund (audit staff) activities as necessary (BTFD-STACD-ADAB)	July 2017 and ongoing
Hire staff to develop and implement audit program (BTFD-STACD-AEB)	January 2018 and ongoing
Hire and train staff to conduct audits (BTFD-STACD-AEB)	January 2019 and ongoing
Hire and train staff to process petitions on audit billings (BTFD-STACD-ADAB)	July 2019 and ongoing

### H. Supplemental Information

None.

### I. Recommendation

The BOE recommends alternative 1 in order to provide the resources necessary to implement and administer this new fee program as required by the Lead-Acid Battery Recycling Act of 2016.

## **WORKLOAD DETAIL FOR THE LEAD-ACID BATTERY RECYCLING ACT**

The new lead-acid battery recycling fee is similar to the California Tire Fee, and its implementation and administration will be similar. The California Tire Fee imposes \$1.75 per tire on every person who purchases a “new tire.” The consumer is responsible for paying the fee, but consumers are relieved of their liability once consumers pay the fee to the retailer. After deducting 1.5% of the total fees for fee collection reimbursement costs, the law requires a retailer to remit the fees to the BOE for deposit in the California Tire Recycling Management Fund. However, the BOE does acknowledge that there are 43% more feepayers for this new program (approximately 14,000 tire fee accounts and 20,000 battery fee accounts). The basis of the following battery fee workloads are either based on the BOE's Tire Fee program with the 43 percent adjustment or historical workload information for other similar tax and fee programs, and noted accordingly in the following workload summaries.

The BOE continues to work with the Department of Finance to manage long-term vacancies and reduce vacancy rates. A comprehensive proposal to the Board and Legislature, in conjunction with current audits and facility planning, will provide a set of specific action items and control processes that will guide future position decisions, vacancy elimination, reclassifications, and program growth.

### **Return Processing Branch (RPB)**

The RPB is requesting 1,092 hours of overtime funds in FY 2017-18 and on-going to handle the work associated with the Lead-Acid Battery Recycling Act. The RPB is responsible for critical return/payment processing, maintenance, billing/adjustment and desk review activities. In addition, RPB performs the following tasks:

- Verification of returns and schedules.
- Scan and index documentation.
- Desk audits/reviews on periodic returns.
- Investigates reporting discrepancies and prepares necessary determinations.
- Reviews and takes appropriate action on various relief requests such as Relief from Penalty, Relief from Interest, Relief from CRF, Extension requests, and Declaration of Timely Mailing.
- Reviews corrected return information submitted by feepayers and takes appropriate action.
- Provides advisory services to feepayers by telephone and written correspondence.
- Reconciles unapplied payments.

### **Office Assistant (General) (OA) – 292 hours on-going overtime (start date 07/01/17)**

The OA (General) will be responsible for scanning and indexing all documentation related to the fee. The OA will also be responsible for receiving and routing telephone calls received on the section's reception line and distributing correspondence received. This is based on an estimate of 1,000 documents per quarter requiring preparation, scanning and indexing. Since there are no paper returns for this program, the correspondence consists of amended returns, relief requests and documents relating to collections. The number of items scanned is based upon the historical number of documents scanned by staff for other similar tax and fee programs. Additionally, the occurrences of routing calls and correspondence is based on a review of support staff daily work summaries and incoming telephone call logs.



Workload Detail				
Classification: Office Assistant (General)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Routing Calls and Correspondence	M	3	500	25
Prepare, Scan, and Index Documents	M	4	4,000	267
<b>Total OA (General) Hours</b>				<b>292</b>
<b>Total OA (General) Overtime Hours Requested</b>				<b>292</b>

### Tax Technician III (TT III) – 200 hours on-going overtime (start date 07/01/17)

The TT III will be responsible for simple return review and billing functions. The return will be e-filed. Therefore, Tax Technicians will perform schedule verification functions for the required schedules. The number of occurrences is based on 20,000 feepayers filing four returns per year (80,000 returns) and five percent of the returns requiring a return review or billing function. The five percent rate is based on a historical review of the RPB staff's daily work summaries for other similar tax and fee programs.

Workload Detail				
Classification: Tax Technician III	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Return Review and Billing Functions	M	3	4,000	200
<b>Total TT III Hours</b>				<b>200</b>
<b>Total TT III Overtime Hours Requested</b>				<b>200</b>

### Business Taxes Representative (BTR) – 600 hours on-going overtime (start date 07/01/17)

The BTR will perform return and payment processing functions related to the fee. It is anticipated that the return will be e-filed so computational errors will be non-existent. However, the BTR will be responsible for processing amended returns, relief requests, and unapplied payments. The BTR will also provide advisory services to the feepayer. The total number of occurrences (4,500) is based on historical data from a combination of incoming phone calls received through the Avaya phone system and outgoing phone contacts relating to return, payment and relief of penalty activities for other similar tax and fee programs.

Workload Detail				
Classification: Business Taxes Representative	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Return/Payment Maintenance	M	6	1,000	100
Relief Activities	M	12	2,000	400
Incoming/Outgoing phone calls	M	4	1,500	100
<b>Total BTR Hours</b>				<b>600</b>
<b>Total BTR Overtime Hours Requested</b>				<b>600</b>

### Collections and Registration Branch

The Registration & Licensing section is responsible for providing program advisory services, and performing registration and account maintenance functions. The type of duties staff will undertake include all areas of registration such as: responding to questions posed by consumers, retailers and manufacturers; reviewing and analyzing registration applications that fail validation, which will include locating and following up with feepayers.

The Collections Section workload will experience an increase in workload resulting from delinquencies created by the non-filing and late filing of returns. Accounts receivable may also increase as a result of non-payment and partial payments on returns. Typical collection duties such as contacting the feepayer, issuing billings, clearing delinquencies, collecting accounts receivable, taking summary collection action, and placing feepayers on payment plans will be carried out by branch staff.

**Tax Technician II (TT II) – 1,867 hours one-time overtime (start date 01/01/17)**

The TT II will provide program advisory service related to the newly enacted Lead-Acid Battery Recycling Fee. The number of occurrences involving advisory services, application review and assistance is based on the potential complexity of the new program (number of TATs/ separate groups and types of program feepayers /different outreach to groups). The number of occurrences is based upon a review of historical activity data for the California Tire Recycling Fee for registration and advisory services with a population increase to account for the population difference.

<b>Workload Detail</b>				
<b>Classification: Tax Technician II</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
	H			
Program Advisory	M	10	3,000	500
Assist Applicants with Online Services	M	10	4,000	667
New Application Review	M	10	4,000	667
Follow-up on Complex Registration Issues	M	10	200	33
<b>Total TT II Hours</b>				<b>1,867</b>
<b>Total TT II Overtime Hours Requested</b>				<b>1,867</b>

**Tax Technician II (TT II) – 1.0 permanent position (start date 07/01/17)**

The TT II will be responsible for new registration, account close-outs, and skip tracing as well as providing on-going advisory service relating to the new fee. The number of occurrences is based upon a review of historical activity data for the California Tire Recycling Fee for registration and advisory services with a population increase to account for the population difference.

<b>Workload Detail</b>				
<b>Classification: Tax Technician II</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
	H			
Program Advisory	M	10	625	104
New Registration	M	24	1,250	500
Account Maintenance	M	7	2,655	310
Close-Out Accounts	M	7	4,754	555
Basis Change	M	694	5	58
Returned Mail/Skip Tracing	M	1,085	15	271
<b>Total TT II Hours</b>				<b>1,798</b>
<b>Total TT II Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

**Business Taxes Representative (BTR) – 1.0 permanent position (start date 07/01/17)**

The BTR position will perform collection action on delinquent accounts. These duties include case review, setting up installment payment arrangements, and skip tracing to locate feepayers. The start date noted above was established in order to ensure staff has been hired and trained to work delinquencies on 07/31/17. The number of occurrences is based upon a review of historical activity for

the California Tire Fee for collection cases with a population increase to account for the population difference.

<b>Workload Detail</b>				
<b>Classification: Business Taxes Representative</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Case Review	M	15	2,770	693
Skip Tracing – CLEAR	M	10	1,790	298
Installment Payment Arrangements	M	15	450	113
Compliance Assessments	M	20	500	167
Offers-In-Compromise	H	2	50	100
Levies	M	30	250	125
Liens	M	15	650	163
Legal Cases	M	45	25	19
Complex Cases	H	2	65	130
<b>Total BTR Hours</b>				<b>1,808</b>
<b>Total BTR Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

### **Audit Examination Branch (AEB)**

The AEB is requesting 4.0 permanent field audit positions to properly administer the audit component for the new lead-acid battery fee. Typical field audit positions include the Tax Auditor (TA), an entry level position with the least experience, Associate Tax Auditors (ATA), a journey level auditor with at least two years of audit experience, and the Business Taxes Specialist I (BTS I), a senior auditor with a vast amount of audit experience that handles the most difficult audits and acts as a lead on the largest audits requiring multiple auditors.

All audit positions are budgeted for 80 hours of training, 120 hours for administrative work, 1,600 hours of audit work each year.

There will be an estimated 20,000 feepayers for the new fee program. The AEB assumes 12,000 small companies (60% of 20,000); 6,000 medium companies (30% of 20,000); and 2,000 large companies (10% of 20,000). The 2,000 figure is based on branch estimates that 2,000 accounts that would be considered a large company for audit purposes, and the branch is estimating they will audit 10 large accounts per year. AEB's breakdown of small, medium and large accounts is based upon a five year analysis of the average number of audit hours expended to the Tire Recycling Fee program. The audit complexity increases with the size of the company. Factors that add to the complexity are: multiple locations, wholesalers reporting the fee, imports, quantity of sales, sophistication of accounting systems, etc. The estimated average audit hours for a small company is 40 hours, a medium company is 80 hours, and a large company is 160 hours. The AEB assumes 1.5% of accounts will be audited during a three-year audit cycle across all sizes of company. The 1.5 % figure is based on historical audit selection under the Tire Fee program, which has a 1.59 % audit coverage rate. Therefore, the AEB estimates conducting 60 small complexity audits, 30 medium complexity audits, and 10 large complexity audits annually. Small complexity audits would be performed by the 1.0 TA; small and medium complexity audits by the 2.0 ATAs; and large complexity audits by the BTS I.

### **Business Taxes Specialist I (BTS I) – 1.0 permanent position (start date 07/01/18)**

Due to the uncertainties AEB expects to encounter in conducting audits of newly established manufacturer, and dealer classes of feepayer, it is prudent to have a senior tax auditor with a great deal of audit experience to conduct the audits of the largest companies and assist in the field audits of junior auditors. The BTS I will also assist with audit program implementation efforts including handling close

outs, developing the audit plan, staff training and training material, and addressing initial audit program needs.

<b>Workload Detail</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Large Complexity Audits	H	160	10	1,600
Administrative Audit Reports and Administrative Petition Reports, Research, etc.	H	10	12	120
Specialized Audit Training	H	80	1	80
<b>Total BTS I Hours</b>				<b>1,800</b>
<b>Total BTS I Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

**Associate Tax Auditor (ATA) – 2.0 permanent positions (start date 01/01/19)**

The ATA's will conduct audits of the small and medium size accounts.

<b>Workload Detail</b>				
<b>Classification: Tax Auditor</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
	H			
Medium Complexity Audits	H	80	30	2,400
Small Complexity Audits	H	40	20	800
Administrative Audit Reports and Administrative Petition Reports, Research, etc.	H	10	24	240
Specialized Audit Training	H	80	2	160
<b>Total TA Hours</b>				<b>3,600</b>
<b>Total TA Positions Requested (1,800 Hours/Position)</b>				<b>2.0</b>

**Tax Auditor (TA) – 1.0 permanent positions (start date 01/01/19)**

The TA will conduct audits of the small accounts.

<b>Workload Detail</b>				
<b>Classification: Tax Auditor</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
	H			
Small Complexity Audits	H	40	40	1,600
Administrative Audit Reports and Administrative Petitions, Research, etc.	H	10	12	120
Specialized Audit Training	H	80	1	80
<b>Total TA Hours</b>				<b>1,800</b>
<b>Total TA Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

**Appeals and Data Analysis Branch (ADAB)****Business Taxes Specialist I (BTS I) – 1.0 permanent position (start date 07/01/18)**

The BTS I is responsible for processing petitions filed on audit billings. The number of petitions is estimated at 20% of the audits conducted. The 20 percent figure is based on the number of petitions the branch receives on all programs administered excluding the Fire Prevention Fee. The figures below are based on Audit Examination Branch's estimate of 100 audits per year, of which 10 would be considered complex and require the assistance of a Computer Audit Specialist (CAS) to extract the audit data. Any CAS that assists on an audit does not handle any other part of that audit to ensure a separation of duties. Accordingly, the activities noted below are spread among staff members. Also, if close-out audits are occurring during this period, it will require petition processing, audit billing and some CAS activity.

<b>Workload Detail</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
	H			
Petition Processing	H	40	20	800
Audit Billing	H	4	100	400
Computer Audit Specialist Workload	H	80	10	800
Administrative (Internal) Appeals Reports, Research, etc.	H	8	12	96
Specialized Training	H	40	2	80
<b>Total BTS I Hours</b>				<b>2,176</b>
<b>Total BTS I Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

**Associate Tax Auditor (ATA) – 300 hours on-going overtime (start date 07/01/17)**

The ATA is responsible for the processing of claims for refund. This function often requires correspondence with the claimant and involves a detailed analysis of the documentation supporting the claim. It is not expected that the processing of these claims would require an additional position. For any feepayer, the fees assessed should exceed refunds in any period. It is anticipated that claims for refund would only result from errors in preparing a return. This workload figure is based on historical data from California Tire Fee refunds. The branch averages 14 refunds per year on 14,000 Tire Fee accounts (.1%). Using the .1% percent factor, this works out to 20 estimated refunds per year (20,000 accounts x .1%).

<b>Workload Detail</b>				
<b>Classification: Associate Tax Auditor</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Refund Processing	H	15	20	300
<b>Total ATA Hours</b>				<b>300</b>
<b>Total ATA Overtime Hours Requested</b>				<b>300</b>

**Program Administration Branch (PAB)****Business Taxes Specialist I (BTS I) – 1.0 one-year limited-term position (start date 10/01/16)**

The BTS I will serve as a lead and coordinate with Technology Services Department on new system requirements for the new fee program. The BTS I is the Business Point of Contact attending all Joint Application Development (JAD) meetings, responsible for system technology requirements, system changes (IRIS conversion to CROS), updates, testing and first-year system maintenance and

independently review/prepare business requirements for project. The workload is based on prior implementations of programs with a similar size and scope.

<b>Workload Detail</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
	H			
Attend Program & Joint Application Development (JAD) Meetings	H	550	1	550
Business Requirements	H	490	1	490
User Acceptance Testing	H	155	1	155
Developing Test Scripts	H	170	1	170
Online Filing (Schedule)	H	110	1	110
Other Testing (EROs, etc.)	H	300	1	300
Assisting Staff with Questions, Webpage Update, Training Assistance	H	1	25	25
<b>Total BTS I Hours</b>				<b>1,800</b>
<b>Total BTS I Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

## **Program Section**

### **Business Taxes Specialist I (BTS I) – 0.5 two-year limited-term position (start date 10/01/16)**

PAB requests increased funding to establish a half-time (0.5 PY) two-year limited-term BTS I position, effective October 1, 2016. The BTS I will assist with conducting industry research and reviewing issue papers for the regulatory process. Additionally, this position will function as the lead in conducting industry research for the implementation of this new program; conduct research on other states' battery fees; review issue papers for the regulatory process. This position will also back up our project implementation lead during implementation. The workload is based on prior implementations of programs with a similar size and scope.

<b>Workload Detail</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Conduct Research	H	10	4	40
Assist with Drafting Regulations and Reviewing Issue Paper for Regulatory Process	H	60	1	60
Program Implementation/ Support (Back-up)	H	900	1	900
<b>Total BTS I Hours</b>				<b>1,000</b>
<b>Total BTS I Positions Requested (1,800 Hours/Position)</b>				<b>0.5</b>
<b>Total BTS I Overtime Requested</b>				<b>100</b>

### **Business Taxes Specialist I (BTS I) – 1.0 permanent position (start date 10/01/16)**

PAB requests increased funding to establish 1.0 permanent BTS I position. The BTS I will function as the technical expert. During the implementation phase of this new program, the BTS I will be the lead to prepare, plan, coordinate, monitor, test, and implement the new legislation, which includes attending Joint Application Development (JAD) meetings with the Technology Services Department and other program areas to identify and discuss necessary programming changes; create new forms, letters, notices, publications, webpages and modify existing publications and webpages; develop FAQs and online registration text; draft and provide news releases, special notices/eBlast, newsletter and tax



information bulletin articles; prepare and develop new policy memos; conduct industry research to identify new program feepayers, develop staff training materials; provide training to staff; prepare BCPs; provide verbal/written advice to new feepayers and the public; provide overall technical advice; work with legal staff on statute interpretations; coordinate with legislative staff on clean-up language. The workload is based on prior implementations of programs with a similar size and scope.

<b>Workload Detail</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Attend Program & Joint Application Development (JAD) Meetings and Testing	H	4	40	<b>160</b>
Agency Liaison (Technical Advisor, Program Lead)	H	14	25	<b>350</b>
Research and Technical Advice	H	40	4	<b>160</b>
Feepayer Outreach (Special Notices, Publications, Webpage, FAQs, Articles)	H	16	20	<b>320</b>
Program Implementation/On-Going Support and Staff Training (Reports, Correspondence, Reports, etc.)	H	65	10	<b>650</b>
Prepare Written Policies and Procedures	H	40	4	<b>160</b>
<b>Total BTS I Hours</b>				<b>1,800</b>
<b>Total BTS I Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>

### **Data Analysis Section**

**Business Taxes Specialist I (BTS I) – 780 overtime hours (start date 10/1/16); 900 ongoing hours (start date 07/1/17)**

The BTS I will compile and analyze data for preparation of multiple internal and external agency activity and statistical reports; prepare and monitor the fiscal year end reports, monthly statistical reports; and revenue tracking associated with the new legislation and any other special reports.

<b>Workload Detail – One Time</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Design and Program New Reports	H	100	6	600
Document Report Procedures	H	30	6	180
<b>Total BTS I Hours</b>				<b>780</b>
<b>Total BTS I Overtime Hours Requested</b>				<b>780</b>
<b>Workload Detail – Ongoing</b>				
<b>Classification: Business Taxes Specialist I</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Prepare Reports	H	5	50	250
Data Analysis and Reconciliation for Review	H	20	12	240
Special Request Reports	H	25	12	300
Data Maintenance	H	10	11	110
<b>Total BTS I Hours</b>				<b>900</b>
<b>Total BTS I Overtime Hours Requested</b>				<b>900</b>

## Compliance and Technology Section

### Business Taxes Specialist I (BTS I) – 965 overtime hours (start date 10/1/16); 210 ongoing hours (start date 4/1/17)

The BTS I in the eServices unit will attend JAD Sessions and will develop business requirements for electronic services and attend User Acceptance Testing for all online services.

Workload Detail – One Time				
Classification: Business Taxes Specialist I	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Business Requirements	H	180	1	180
Registration	H	75	1	75
Returns/Online Filing	H	160	1	160
EROs	H	80	1	80
EFT	H	60	1	60
Credit Cards	H	60	1	60
Payments	H	40	1	40
Relief Requests	H	30	1	30
Payment Plans	H	30	1	30
Test Scripts	H	90	1	90
User Acceptance Testing (UAT)	H	120	1	120
Training – Liaisons	H	40	1	40
<b>Total BTS I Hours</b>				<b>965</b>
<b>Total BTS I Overtime Hours Requested</b>				<b>965</b>
Workload Detail – Ongoing				
Classification: Business Taxes Specialist I	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Registration Updates	H	40	1	40
Returns/Online Filing Updates (2 Returns)	H	160	1	160
Assisting Staff on Questions/Issues	H	10	1	10
<b>Total BTS I Hours</b>				<b>210</b>
<b>Total BTS I Overtime Hours Requested</b>				<b>210</b>

### Tax Revenue Branch (TRB)

The TRB is basing its occurrences on the Lead-Acid Battery Fee having no paper returns filed, but expected to receive and process 24,000 payments in 2017, and 48,000 payments annually in 2018 and beyond. TRB is using historical weekly data from all their programs in order to estimate the additional workload associated with processing payments from the Lead-Acid battery to determine the additional workload for the Key Data Operator, Office Assistant, and Office Technician positions.

### Key Data Operator (KDO) – 712 on-going overtime hours (start date 07/01/17)

The KDO staff in the TRB would be responsible for keying the corresponding remittance for this specific program/fee even though no schedule or return is due. Once they have “on-lined” the payment into the IRIS system, staff must be able to balance correctly to ensure payment amounts have been properly applied to the specific accounts. Staff must also ensure that the check images have been properly applied to the specific accounts. Staff must also ensure that the check images are correctly being scanned/captured for our electronic repository system by verifying check information (CAR/LAR repair, check number). The need for overtime coincides with the date the TRB will start processing funds for the new program.

Workload Detail				
Classification: Key Data Operator	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Check Processing: On-Line, Add-Tape and Balance	M	0.000180	48,000	520
Check Services	M	0.000006	48,000	192
<b>Total KDO Hours</b>				<b>712</b>
<b>Total KDO Overtime Hours Requested</b>				<b>712</b>

#### Office Assistant (General) (OA) – 125 on-going overtime hours (start date 07/01/17)

The OA's (General) in the Imaging and Mail Processing Center (IMPC) are responsible for sorting and opening incoming mail to the BOE. The OAs prepare the remittances for the KDOs to process. The increase in mail volume expected from this proposed fee requires additional overtime hours to ensure feepayer mail is processed timely and efficiently. As expected with any new fee, the volume of return mail is expected to increase, which requires additional hours to properly process the return mail. The need for overtime coincides with the date the TRB will start processing funds for the new program.

Workload Detail				
Classification: Office Assistant (General)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Mail is Sorted by like Type	M	0.000004	48,000	109
Return Mail Processing	M	0.0000006	48,000	16
<b>Total OA (General) Hours</b>				<b>125</b>
<b>Total OA (General) Overtime Hours Requested</b>				<b>125</b>

#### Office Technician (General) (OT) – 592 on-going overtime hours (start date 07/01/17)

The OTs (General) for the TRB are responsible for processing all remittance payments for the proposed new fee. Our Cashier staff first encodes the check amounts to ensure the check amount corresponds with the correct amount keyed by our KDO staff. Then the checks are prepared to be scanned into our electronic depository system. A scan batch header sheet is created indicating the date, time, amount and item count. Then the checks are scanned, if there are any errors, then a rescan of the batch or item is conducted. At the end of each batch, the totals are verified and our staff prepares to make the deposit to the State Treasurer's Office. Due to the increase workload volume from this proposed program, a request for additional overtime hours is necessary to meet the demands of efficiently processing taxpayer's remittances. The need for overtime coincides with the date the TRB will start processing funds for the new program.

Workload Detail				
Classification: Office Technician (General)	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Encode Checks	M	0.000006	48,000	177
Prepare Scan Batch Header Sheet	M	0.000001	48,000	57
Scan Checks	M	0.000005	48,000	135
Research Table / Amount out of Balance	M	0.00008	48,000	223
<b>Total OT (General) Hours</b>				<b>592</b>
<b>Total OT (General) Overtime Hours Requested</b>				<b>592</b>

## Accounting Branch

### Accounting Administrator I (AA I) – 1.0 permanent position (start date 10/1/16)

The Accounting Branch is requesting a permanent AA I position. Due to the need for a new fund to be created, this position would be required for implementation and fund development. Subject matter expert will be required to participate in the development and testing phases for the incorporation of this new fund. Maintenance, reconciliations, and reporting of new funds are complicated and will require numerous analyses, interim statements, and special reports prepared. This fund will require reporting to all stakeholders. The AA I will monitor critical cash flow. The noted start date is necessary for this position, since the employee will need to attend all the business requirement development meetings with the Technology Services Department and the business staff at the onset of program implementation. Additionally, the employee will require training for their new position. The time per occurrence is based upon the time to prepare monthly and annual reports for other tax and fee programs administered by the BOE, as well as complexity of the report.

Workload Detail				
Classification: Accounting Administrator I	Time Measure		On-going Activities	
Activity	M=Minutes H = Hours	Time Per Occurrence	Occurrences Per Year	Total Hours
Reconcile accounts with the State Controller's Office (SCO)	H	20	12	240
Compile fiscal year-end information and complete financial statements	H	120	1	120
Post entries to the general ledger and accounting registers	H	30	12	360
Process SCO journal entries	H	10	12	120
Process documents and fund adjustments from Cashiers	H	10	12	120
Process refunds from the program area	H	5	12	60
Balance reports received from TSD against electronic fund transfer (EFT) transactions reported by the State Treasurer's Office (STO)	H	10	12	120
Reconcile non-EFT and EFT deposits to bank statements	H	10	12	120
Prepare transmittals	H	20	12	240
Report revenue to control agencies (SCO, STO, Dept. of Finance (DOF), Bureau of State Audits) and BOE units	H	10	12	120
Prepare monthly allocation of total payments, less expenditures, refunds, or adjustments	H	10	12	120
Analyze fund cash daily/weekly	H	5	12	60
Issue interim statements for management, other agencies, or special interest groups as needed	H	10	12	120
<b>Total AA I Hours</b>				<b>1,920</b>
<b>Total AA I Positions Requested (1,800 Hours/Position)</b>				<b>1.0</b>
<b>Total AA I Overtime Requested - Ongoing</b>				<b>100</b>
<b>Total AA I Overtime Requested – CY Only</b>				<b>450*</b>
*Accounting Subject Matter Expert(s) participation in business requirements and development meetings, research and testing, for the new fund. Update Accounting databases and programs to streamline Accounting operations for inclusion of new reports. Develop and update policy and procedures meeting operational needs and compliance with requisite statutory, regulatory and acceptable accounting principles. Setup state control accounts and train new staff and work with management on report requirements.				

**Customer Services Center (CSC)****Business Tax Representative (BTR) - 201 One-Time Overtime hours (01/01/17 - 06/30/18) and 98 hours ongoing (start date 07/01/2018)**

The BTR will assist with training and coaching needed for the Customer Service Representatives regarding this new legislation and providing guidance to fee payers via email and telephone. CSC will train staff how to recognize these types of calls and how to answer the various questions from this legislation. Because of the complexity of the legislation, most calls and emails will require a response within the scope of a BTR classification, from which CSC does not have the resources available.

Based on the assumptions provided, with a population base of 20,000 feepayers, the CSC estimates an increase of 1,058 total calls the first year and 529 calls the second year and ongoing. The CSC estimates the number of call occurrences based on the number of new feepayers, and the type of contact made with the feepayer (special notices/general/delinquency notices sent to the feepayers) and assigns a percentage based on what types of notices a feepayer could potentially receive in the first year. The ongoing calls are estimated at 50 percent of the first year of a new program. The new fee will generate calls from persons that; receive mailed/mailed notices, seek general information regarding the fee, seek help with online filing and registration. The estimated hours are based on actual training hours (currently performed), and call volume and e-mail volume are estimates based on historical call center data. Additionally, training classes in the call center are often taught by two instructors at the BTR level.

<b>Workload Detail – One Time</b>				
<b>Classification: Business Taxes Representative</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
Refresher Training – CSC BTRs	M	120	4	8.0
BTR for Instructor led refresher training to CSC Agents	M	60	20	20.0
BTR for Instructor led refresher training to CSC Remote Agents	M	60	20	20.0
BTR responding to inquiries by phone	M	8.5	1,058	150.0
BTR responding to inquiries by email	M	5	40	3.0
<b>Total BTR Hours</b>				<b>201</b>
<b>Total BTR Overtime Hours Requested</b>				<b>201</b>
<b>Workload Detail – Ongoing</b>				
<b>Classification: Business Taxes Representative</b>	<b>Time Measure</b>		<b>On-going Activities</b>	
<b>Activity</b>	<b>M=Minutes H = Hours</b>	<b>Time Per Occurrence</b>	<b>Occurrences Per Year</b>	<b>Total Hours</b>
BTR for Instructor led refresher training to CSC Agents	M	20	20	7.0
BTR for Instructor led refresher training to CSC Remote Agents	M	20	20	7.0
BTR responding to inquiries by phone	M	8.5	529	75.0
BTR responding to inquiries by email	M	5	40	3.0
<b>Total BTR Hours</b>				<b>98</b>
<b>Total BTR Overtime Hours Requested</b>				<b>98</b>

## Technology Services Department (TDS)

### Information Technology (IT) Funding Requested - \$540,000 (start date 10/1/16)

A review of workload indicates that the BOE will be able to redirect IT resources for the majority of this work, but will require a portion of the work be performed by a vendor. Funding approval will ensure that the BOE has adequate resources to comply with the provisions of AB 2153.

The estimated funding and staffing necessary to implement the TSD related activities is based upon implementing a new program similar in size and scope to AB 2153

Specifically, BOE will need the augmentation to contract for:

- 4.0 Programmers to perform application development, system maintenance and system management during the project lifecycle.
- 2.0 Analysts to serve as systems testers.

### Workload Overview

The BOE must reprogram the Integrated Revenue Information System (IRIS) and the Automated Compliance Management System (ACMS) to track the revenues going into the new Lead-Acid Battery Fee fund. The major programming would require the following:

- Create new fund codes
- Create new collection notices
- Modify existing modules
- Modify existing collection notices
- Review and test new functionality

Current system implementation resources are at maximum capacity with mandated and legislative projects, which include, but are not limited to, the following:

<u>Operative Date</u>	<u>Project</u>
December 2016	Proposition 30 Sunset
Jan 2017	Cigarette Licensing Fee
April 2017	Proposition 56 if passed in November election
June 2017	Mobile Telephony Services (MTS) – system implementation date
July 2017	FI\$CAL – system implementation date
Per Audit	Fund Accounting (FAC) Report Changes
January 2018	Proposition 64, if passed in November election
Ongoing	Centralized Revenue Opportunity System (CROS)

### IT Contract Resources:

The 5,400 hours are estimated at \$100 per hour, which equates to the \$540,000 requested in FY 2016-17.

Breakdown of activities and resources		



DF-46 (REV 03/13)

**Fiscal Summary**  
(Dollars in thousands)

BCP No. 004	Proposal Title AB 2153 Lead Acid Battery Fee			Program		
Personal Services	Positions			Dollars		
	CY	BY	BY + 1	CY	BY	BY + 1
Total Salaries and Wages <sup>1</sup>	2.6	4.8	7.6	\$299	\$455	\$651
Total Staff Benefits <sup>2</sup>				\$96	\$143	\$233
Distributed Admin				\$87	\$60	\$105
Total Personal Services	2.6	4.8	7.6	\$482	\$658	\$989
<b>Operating Expenses and Equipment</b>						
General Expense				\$51	\$39	\$84
Printing				\$6		
Communications				\$5	\$6	\$15
Postage				\$1		
Travel-In State						\$90
Travel-Out of State						\$68
Training				\$5	\$5	\$8
Facilities Operations				\$45	\$68	\$114
Utilities				\$1	\$1	\$2
Consulting & Professional Services: Interdepartmental <sup>3</sup>						
Consulting & Professional Services: External <sup>3</sup>				\$540		
Data Center Services				\$24	\$32	\$42
Information Technology				\$15	\$8	\$11
Equipment <sup>3</sup>						
Other/Special Items of Expense: <sup>4</sup>						
Distributed Admin				\$22	\$15	\$26
Total Operating Expenses and Equipment				\$715	\$174	\$460
Total State Operations Expenditures				\$1,197	\$832	\$1,449
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>						
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Total Local Assistance Expenditures						
Fund Source	Item Number					
	Org	Ref	Fund			
General Fund						
Special Funds <sup>5</sup>	0860	001	XXXX	\$1,197	\$832	\$1,449
Federal Funds						
Other Funds (Specify)						
Reimbursements						
Grand Total, State Operations and Local Assistance				\$1,197	\$832	\$1,449

Personal Services Detail							
(Whole dollars)							
BCP No. 004		Proposal Title AB 2153 Lead Acid Battery Fee					
Salaries and Wages Detail							
Classification <sup>1 2</sup>	Positions			Salary Range	Dollars		
	CY	BY	BY + 1		CY	BY	BY + 1
Permanent							
Accounting Administrator I (Spec)	0.8	1.0	1.0	\$68,268	\$51,201	\$68,268	\$68,268
Tax Auditor			0.5	\$51,168	\$0	\$0	\$25,584
Associate Tax Auditor			1.0	\$67,080	\$0	\$0	\$67,080
Business Taxes Specialist I			1.0	\$75,264	\$0	\$0	\$75,264
Business Taxes Specialist I			1.0	\$75,264	\$0	\$0	\$75,264
Tax Technician II		1.0	1.0	\$37,284	\$0	\$37,284	\$37,284
Business Taxes Representative		1.0	1.0	\$49,656	\$0	\$49,656	\$49,656
Business Taxes Specialist I	0.8	0.3		\$75,264	\$56,448	\$18,816	\$0
Business Taxes Specialist I	0.8	1.0	1.0	\$75,264	\$56,448	\$75,264	\$75,264
Business Taxes Specialist I	0.4	0.5	0.1	\$75,264	\$28,600	\$37,632	\$9,784
Overtime							
Key Data Operator					\$0	\$16,903	\$16,903
Office Assistant (General)					\$0	\$2,875	\$2,875
Office Technician (General)					\$0	\$15,948	\$15,948
Business Taxes Representative					\$7,212	\$3,516	\$3,516
Associate Tax Auditor					\$0	\$14,541	\$14,541
Tax Technician II					\$50,297	\$0	\$0
Office Assistant (General)					\$0	\$6,523	\$6,523
Tax Technician III					\$0	\$6,028	\$6,028
Business Taxes Representative					\$0	\$21,528	\$21,528
Business Taxes Specialist I					\$20,664	\$20,664	\$20,664
Business Taxes Specialist I					\$0	\$48,942	\$48,942
Business Taxes Specialist I					\$5,438	\$5,438	\$5,438
Accounting Administrator I (Spec.)					22,194	4,932	4,932
Total Salaries and Wages <sup>3</sup>	2.6	4.8	7.6		\$298,502	\$454,758	\$651,286
Staff Benefits Detail					CY	BY	BY + 1
OASDI					\$22,835	\$34,789	\$49,823
Health/Dental/Vision Insurance					\$30,618	\$45,589	\$76,815
Retirement					\$39,509	\$58,827	\$99,121
Workers' Compensation					\$1,754	\$2,611	\$4,399
Industrial Disability Leave					\$79	\$118	\$198
Non-Industrial Disability Leave					\$185	\$275	\$464
Unemployment Insurance					\$154	\$230	\$387
Other:					\$578	\$861	\$1,450
Total Staff Benefits <sup>3</sup>					\$95,712	\$143,300	\$232,657
Grand Total, Personal Services					\$394,214	\$598,058	\$883,943

[illegible]

Supplemental Information (Dollars in thousands)						
BCP No. 004	Proposal Title AB 2153 Lead Acid Battery Fee					
<b>Equipment</b>		CY	BY	BY +1		
Standard Compliment		\$116	\$130	\$252		
<b>Total</b>		\$116	\$130	\$252		
<b>Consulting &amp; Professional Services</b>						
Contract Services		\$540				
<b>Total</b>		\$540				
<b>Facility/Capital Costs</b>						
Facility Operations		\$45	\$68	\$114		
<b>Total</b>		\$45	\$68	\$114		
<b>One-Time/Limited-Term Costs</b> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>						
Description	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
General expense						
Communications		\$1		\$5		
Postage						
Information Technology		\$3		\$7		
	0.0	\$4	0.0	\$12	0.0	
<b>Full-Year Cost Adjustment</b> Yes <input type="checkbox"/> No <input type="checkbox"/>						
Provide the incremental change in dollars and positions by fiscal year.						
Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0		0.0		0.0	
<b>Future Savings</b> Yes <input type="checkbox"/> No <input type="checkbox"/>						
Specify fiscal year and estimated savings, including any decrease in positions.						
Item Number	BY		BY +1		BY +2	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
<b>Total</b>	0.0		0.0		0.0	