



## **Senate Bill 540**

# **Taxpayers' Rights Advocate Relief Program**

### **As Amended September 4, 2015**

#### **SUMMARY**

Filing taxes can be challenging; it's even more frustrating for individuals who fall victim to administrative errors and delays from the tax collection agency. SB 540 improves the Taxpayers' Rights Advocate (TRA) program at the California Franchise Tax Board (FTB). The TRA works on behalf of Californians to correct mistakes made by the FTB that can cost individual taxpayers thousands of dollars.

#### **ISSUE**

The TRA program was created in 2009. The Taxpayers' Rights Advocate has authority to assist and provide relief to certain taxpayers. For example, \$1.1 million worth of interest was abated for a group of 50 taxpayers covering multiple years because of erroneous written advice contained in the California fiduciary tax form instructions. In other cases, over \$4,000 in interest has been forgiven to taxpayers because of erroneous actions while processing returns and unreasonable delays in issuing bills by the Franchise Tax Board.

Some other state agencies also have consumer advocates. For example, the California Public Utilities Commission has the Office of Ratepayer Advocates, to "obtain the lowest possible rate for service consistent with reliable and safe service levels."

Under current law, the Taxpayers' Rights Advocate program expires on January 1, 2016, dissolving much-needed protections and benefits afforded to taxpayers.

#### **SB 540 (HERTZBERG)**

This bill eliminates the sunset on the Taxpayers' Rights Advocate Relief Program, establishing the program permanently, and increases the maximum relief an individual can receive each taxable year from \$7,500 to \$10,000, annually adjusted to inflation thereafter. SB 540 makes it easier for a taxpayer to submit requests for relief to the FTB and increases the maximum amount that the advocate can relieve for a taxpayer. The bill clarifies that the Chief Counsel review and approve relief based on recommendations from the advocate and it also retains safeguards that require the FTB's executive officer to approve relief in excess of \$500.

#### **SUPPORT**

Franchise Tax Board (Sponsor)  
CA Chamber of Commerce  
CA Taxpayers Association  
Howard Jarvis Taxpayers Association

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