

# California Governor Appoints Head of New Tax Agency

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By Paul Jones

California Gov. Jerry Brown (D) has named a head for the state's new tax collection agency, part of a major transition upending the State Board of Equalization's long-standing tax authority.

On July 10 Brown appointed Nicolas Maduros as director of the California Department of Tax and Fee Administration. The new department was [split off](#) from the controversy-plagued BOE's tax administration offices and will handle many of the tax duties formerly overseen by the board.

According to Brown's press office, Maduros served as chief of staff at the U.S. Small Business Administration from 2014 to 2017. He was also a partner and director with Quinn Gillespie & Associates, a major Washington, D.C. lobbying firm, from 2000 to 2010.

The appointment requires confirmation by the State Senate. The job's annual compensation is set at \$190,296.

The selection of the head for the new tax agency — which is essentially the board's old administrative wing now under the control of the Brown administration — comes as a result of [reform legislation](#) that was approved as part of the state's 2017 budget process. [A.B. 102](#) was pushed through at the last minute and signed by Brown on June 27.

The bill not only took tax administration operations away from the oversight of the nation's only elected tax commission, it also created a new Office of Tax Appeals to take over the BOE's previous role of adjudicating tax disputes. Members of the BOE are now relegated to the board's original, narrower constitutional duties, including property tax equalization.

The reform bill came after several months of calls for an overhaul of the BOE, which was the subject of a [scathing evaluation in March](#) by the California Department of Finance. The review found that members of the five-person board had improperly used state resources, including staff time, while also failing to ensure proper oversight of the board's operations. A prior 2015 audit by State Controller Betty Yee (D) — an ex-officio board member — also found that sales taxes had been misallocated by the agency.

Proponents of the reform said the changes were long overdue, particularly regarding the tax dispute adjudication process that was previously overseen by the board, which involved ex parte communications between board members and taxpayers, and barred the Franchise Tax Board from appealing an adverse ruling to a court.

Lenny Goldberg of the California Tax Reform Association, a longtime advocate of reducing the BOE's authority, said A.B. 102's implementation is going well. "The transition has been overseen by very competent people from the Brown administration and should allow for a

smooth continuation of all [former] BOE tax functions,” he told Tax Analysts.

Marty Dakessian, an attorney who represents taxpayers in disputes before the board, said he’s hopeful that the Brown administration will consider input from stakeholders as it takes over the BOE’s adjudicative responsibilities in particular.

“We are going to take the Taxpayer Transparency and Fairness Act [A.B. 102] at face value,” he said. Nonetheless, “Our concern was — and still is — that this legislation has been moved through very, very hastily” without proper vetting, he added.

One example of an adverse effect of the rushed process, according to Dakessian, is that taxpayers who prepared appeals pending before the BOE will instead have their cases sent to the new Office of Tax Appeals, which takes over for the board in January.

“What you’re going to have is a bunch of taxpayers who have invested quite a bit in the current process, prepared their cases and their briefs . . . and they’re going to have to start from scratch,” he said.

Some taxpayer groups also argue the legislation will hurt taxpayers’ interests. “The complete evisceration of the Board’s duties will prove, over time, that an elected, accountable board is better than an unelected and unaccountable bureaucracy. Taxpayers of all stripes will have to be on guard,” said Jon Coupal of the Howard Jarvis Taxpayers Association.

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