AMENDED IN SENATE AUGUST 20, 2012

AMENDED IN ASSEMBLY JANUARY 4, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL No. 658

Introduced by Assembly Member Charles Calderon

February 16, 2011

An act to amend Sections 30459.15, 50156.18, and 55332.5 of, *and to add Section 7205.2 to,* the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 658, as amended, Charles Calderon. State Board of Equalization: administration.

The Sales and Use Tax Law imposes a tax on retailers measured by the gross receipts from the sale of tangible personal property sold at retail in this state, or on the storage, use, or other consumption in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. That law provides that the place of sale or purchase is the place where the tangible personal property is physically located at the time the act constituting the sale or purchase takes place, with sales tax thereby being imposed on retail sales of tangible personal property physically located in this state at the time of sale.

The Bradley-Burns Uniform Local Sales and Use Tax Law authorizes counties and cities to impose local sales and use taxes in conformity with the Sales and Use Tax Law and provides the methods of allocating those local sales and use taxes to a city or county.

This bill would clarify that the place of sale or purchase of property for purposes of determining whether sales tax or use tax applies to the transaction is determined in the same manner under the Sales and Use Tax Law and the Bradley-Burns Uniform Local Sales and Use Tax Law, and would state that this provision is declaratory of existing law.

Existing law provides ~~for the administration of various taxes, fees, and surcharges by the State Board of Equalization. The Cigarette and Tobacco Products Tax Law, Underground Storage Tank Maintenance Fee Law, and Fee Collection Procedures Law authorize the State Board of Equalization to compromise a final tax, fee, or surcharge liability that was generated from a business that has been discontinued or transferred, as specified. The Fee Collection Procedures Law makes any person who takes certain willful actions in connection with an offer or compromise under that law, including receiving, withholding, destroying, mutilating, or falsifying any book, document, or record, or making any false statement relating to the estate fee, guilty of a felony, punishable as specified~~ *that after January 1, 2007, and before January 1, 2013, the Cigarette and Tobacco Products Tax Law, Underground Storage Tank Maintenance Fee Law, and Fee Collection Procedures Law allow the State Board of Equalization to accept an offer in compromise on a final tax liability, as defined, imposed under or in accordance with those laws regardless of whether the liabilities are generated from a business, that has been discontinued or transferred or whether the taxpayer or feepayer has a controlling interest or association with a similar business as the transferred or discontinued business, as prescribed. Under these laws, a taxpayer or feepayer would be guilty of a felony if the taxpayer or feepayer conceals specified property or receives, withholds, destroys, mutilates, or falsifies specified items or makes a false statement related to the offer in compromise, as specified*.

This bill would ~~revise these provisions to make a person who receives, withholds, destroys, mutilates, or falsifies any book, document, or record or makes any false statement relating to the estate or financial condition of the feepayer or other person liable with respect to the fee guilty of a felony, as specified. The bill would also make other nonsubstantive changes~~ *extend the repeal date for the above provisions to January 1, 2018. The bill, by extending the repeal date, would expand an existing crime and, thus, impose a state-mandated local program*.

~~By expanding the scope of existing criminal penalties, this bill would impose a state-mandated local program.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 7205.2 is added to the Revenue and Taxation Code, to read:

7205.2. (a) The place of sale or purchase of tangible personal property, for purposes of determining whether sales tax or use tax applies to that transaction, shall be determined by Section 6010.5.

(b) The Legislature finds and declares that subdivision (a) does not constitute a change in, but is declaratory of, existing law.

SEC. 2. Section 30459.15 of the Revenue and Taxation Code, as amended by Section 574 of Chapter 15 of the Statutes of 2011, is amended to read:

30459.15. (a) (1) Beginning on January 1, 2007, the executive director and chief counsel of the board, or their delegates, may compromise any final tax liability where the reduction of tax is seven thousand five hundred dollars ($7,500) or less.

(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final tax liability involving a reduction in tax in excess of seven thousand five hundred dollars ($7,500). ~~Any~~ *A* recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.

(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final tax liability in which the reduction of tax is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).

(b) For purposes of this section, “a final tax liability” means any final tax liability arising under Part 13 (commencing with Section 30001), or related interest, additions to tax, penalties, or other amounts assessed under this part.

(c) Offers in compromise shall be considered only for liabilities that were generated by the following:

(1) A business that has been discontinued or transferred, where the taxpayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.

(2) A taxpayer that has purchased untaxed cigarettes or tobacco products from out-of-state vendors for ~~their~~ *the taxpayer's* own use or consumption.

(3) Notwithstanding paragraph (1) or (2), a qualified final tax liability may be compromised regardless of whether the business has been discontinued or transferred or whether the taxpayer has a controlling interest or association with a similar type of business as the transferred or discontinued business. All other provisions of this section that apply to a final tax liability shall also apply to a qualified final tax liability, and ~~no~~ *a* compromise shall *not* be made under this subdivision unless all other requirements of this section are met. For purposes of this subdivision, a "qualified final tax liability" means either of the following:

(A) That part of a final tax liability, including related interest, additions to tax, penalties, or other amounts assessed under this part, arising from a transaction or transactions in which the board finds no evidence that the taxpayer collected cigarette or tobacco products tax reimbursement ~~or cigarette or tobacco products tax reimbursement~~ from the purchaser or other person and which was determined against the taxpayer under Article 2 (commencing with Section 30201), Article 3 (commencing with Section 30221), or Article 5 (commencing with Section 30261) of Chapter 4.

(B) That part of a final tax liability for cigarette or tobacco products tax, including related interest, additions to tax, penalties, or other amounts assessed under this part, determined under Article 2 (commencing with Section 30201), Article 3 (commencing with Section 30221), and Article 5 (commencing with Section 30261) of Chapter 4 against a taxpayer who is a consumer that is not required to hold a license under Article 1 (commencing with Section 30140) of Chapter 3.

(4) A qualified final tax liability may not be compromised with any of the following:

(A) A taxpayer who previously received a compromise under paragraph ~~(2)~~ *(3)* for a liability, or a part thereof, arising from a transaction or transactions that are substantially similar to the transaction or transactions attributable to the liability for which the taxpayer is making the offer.

(B) A business that was transferred by a taxpayer who previously received a compromise under paragraph ~~(2)~~ *(3)* and who has a controlling interest or association with the transferred business, when the liability for which the offer is made is attributable to a transaction or transactions substantially similar to the transaction or transactions for which the taxpayer's liability was previously compromised.

(C) A business in which a taxpayer who previously received a compromise under paragraph ~~(2)~~ *(3)* has a controlling interest or association with a similar type of business for which the taxpayer received the compromise, when the liability of the business making the offer arose from a transaction or transactions substantially similar to the transaction or transactions for which the taxpayer's liability was previously compromised.

(d) The board may, in its discretion, enter into a written agreement which permits the taxpayer to pay the compromise in installments for a period not exceeding one year. The agreement may provide that such installments shall be paid by electronic funds transfers or any other means to facilitate the payment of each installment.

(e) Except for any recommendation for approval as specified in subdivision (a), the members of the State Board of Equalization shall not participate in any offer in compromise matters pursuant to this section.

(f) A taxpayer that has received a compromise under paragraph ~~(2)~~ *(3)* of subdivision (c) may be required to enter into any collateral agreement that is deemed necessary for the protection of the interests of the state. A collateral agreement may include a provision that allows the board to reestablish the liability, or any portion thereof, if the taxpayer has sufficient annual income during the succeeding five-year period. The board shall establish criteria for determining "sufficient annual income" for purposes of this subdivision.

(g) A taxpayer that has received a compromise under paragraph ~~(2)~~ *(3)* of subdivision (c) shall file and pay by the due date all subsequently required cigarette and tobacco products tax reports or returns for a five-year period from the date the liability is compromised, or until the taxpayer is no longer required to file cigarette and tobacco products tax reports or returns, whichever period is earlier.

(h) Offers in compromise shall not be considered under the following conditions:

(1) The taxpayer has been convicted of felony tax evasion under this part during the liability period.

(2) The taxpayer has filed a statement under paragraph (3) of subdivision (i) and continues to purchase untaxed cigarettes or tobacco products from out-of-state vendors for ~~their~~ *the taxpayer's* own use or consumption.

(i) For amounts to be compromised under this section, the following conditions shall exist:

(1) The taxpayer shall establish that:

(A) The amount offered in payment is the most that can be expected to be paid or collected from the taxpayer's present assets or income.

(B) The taxpayer does not have reasonable prospects of acquiring increased income or assets that would enable the taxpayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.

(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.

(3) For liabilities generated in the manner described in paragraph (2) of subdivision (c), the taxpayer shall file with the board a statement, under penalty of perjury, that he or she will no longer purchase untaxed cigarettes or tobacco products from out-of-state vendors for his or her own use or consumption.

(j) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final tax liability shall not be subject to administrative appeal or judicial review.

(k) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid tax and fraud or evasion penalty.

(2) The minimum offer may be waived if it can be shown that the taxpayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only

applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the taxpayer.

(*l*) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the taxpayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the taxpayer.

(m) When more than one taxpayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, taxpayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable taxpayer shall reduce the amount of the liability of the other taxpayers by the amount of the accepted offer.

(n) Whenever a compromise of tax or penalties or total tax and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:

(1) The name of the taxpayer.

(2) The amount of unpaid tax and related penalties, additions to tax, interest, or other amounts involved.

(3) The amount offered.

(4) A summary of the reason why the compromise is in the best interest of the state.

The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the taxpayer or violate the confidentiality provisions of Section 30455. ~~No~~ *A* list shall *not* be prepared and ~~no releases~~ *releases shall not be* distributed by the board in connection with these statements.

(o) ~~Any~~ *A* compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:

(1) The board determines that ~~any~~ *a* person did any of the following acts regarding the making of the offer:

(A) Concealed from the board ~~any~~ property belonging to the estate of ~~any~~ *a* taxpayer or other person liable for the tax.

(B) Received, withheld, destroyed, mutilated, or falsified ~~any~~ *a* book, document, or record, or made ~~any~~ *a* false statement, relating to the estate or financial condition of the taxpayer or other person liable for the tax.

(2) The taxpayer fails to comply with any of the terms and conditions relative to the offer.

(p) ~~Any~~ *A* person who, in connection with ~~any~~ *an* offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:

(1) Conceals from ~~any~~ *an* officer or employee of this state ~~any~~ property belonging to the estate of a taxpayer or other person liable in respect of the tax.

(2) Receives, withholds, destroys, mutilates, or falsifies ~~any~~ *a* book, document, or record, or makes ~~any~~ *a* false statement, relating to the estate or financial condition of the taxpayer or other person liable in respect of the tax.

(q) For purposes of this section, “person” means the taxpayer, ~~any~~ *a* member of the taxpayer’s family, ~~any~~ *a* corporation, agent, fiduciary, or representative of, or ~~any other~~ *another* individual or entity acting on behalf of, the taxpayer, or ~~any other~~ *another* corporation or entity owned or controlled by the taxpayer, directly or indirectly, or that owns or controls the taxpayer, directly or indirectly.

(r) This section shall remain in effect only until January 1, ~~2013~~ *2018*, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2013~~ *2018*, deletes or extends that date.

SEC. 3. Section 30459.15 of the Revenue and Taxation Code, as amended by Section 575 of Chapter 15 of the Statutes of 2011, is amended to read:

30459.15. (a) (1) The executive director and chief counsel of the board, or their delegates, may compromise any final tax liability where the reduction of tax is seven thousand five hundred dollars ($7,500) or less.

(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final tax liability involving a reduction in tax in excess of seven thousand five hundred dollars ($7,500). ~~Any~~ *A* recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.

(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final tax liability in which the reduction of tax is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).

(b) For purposes of this section, "a final tax liability" means any final tax liability arising under Part 13 (commencing with Section 30001), or related interest, additions to tax, penalties, or other amounts assessed under this part.

(c) Offers in compromise shall be considered only for liabilities that were generated by the following:

(1) A business that has been discontinued or transferred, where the taxpayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.

(2) A taxpayer that has purchased untaxed cigarettes or tobacco products from out-of-state vendors for ~~their~~ *the taxpayer's* own use or consumption.

(d) Offers in compromise shall not be considered under the following conditions:

(1) The taxpayer has been convicted of felony tax evasion under this part during the liability period.

(2) The taxpayer has filed a statement under paragraph (3) of subdivision (e) and continues to purchase untaxed cigarettes or tobacco products from out-of-state vendors for ~~their~~ *the taxpayer's* own use or consumption.

(e) For amounts to be compromised under this section, the following conditions shall exist:

(1) The taxpayer shall establish that:

(A) The amount offered in payment is the most that can be expected to be paid or collected from the taxpayer's present assets or income.

(B) The taxpayer does not have reasonable prospects of acquiring increased income or assets that would enable the taxpayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.

(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.

(3) For liabilities generated in the manner described in paragraph (2) of subdivision (c), the taxpayer shall file with the board a statement, under penalty of perjury, that he or she will no longer purchase untaxed cigarettes or tobacco products from out-of-state vendors for his or her own use or consumption.

(f) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final tax liability shall not be subject to administrative appeal or judicial review.

(g) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid tax and fraud or evasion penalty.

(2) The minimum offer may be waived if it can be shown that the taxpayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the taxpayer.

(h) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the taxpayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the taxpayer.

(i) When more than one taxpayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, taxpayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable taxpayer shall reduce the amount of the liability of the other taxpayers by the amount of the accepted offer.

(j) Whenever a compromise of tax or penalties or total tax and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:

(1) The name of the taxpayer.

(2) The amount of unpaid tax and related penalties, additions to tax, interest, or other amounts involved.

(3) The amount offered.

(4) A summary of the reason why the compromise is in the best interest of the state.

The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the taxpayer or violate the confidentiality provisions of Section 30455. ~~No~~ *A* list shall *not* be prepared and ~~no~~ releases *shall not be* distributed by the board in connection with these statements.

(k) ~~Any~~ *A* compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:

(1) The board determines that ~~any~~ *a* person did any of the following acts regarding the making of the offer:

(A) Concealed from the board ~~any~~ property belonging to the estate of ~~any~~ *a* taxpayer or other person liable for the tax.

(B) Received, withheld, destroyed, mutilated, or falsified ~~any~~ *a* book, document, or record, or made ~~any~~ *a* false statement, relating to the estate or financial condition of the taxpayer or other person liable for the tax.

(2) The taxpayer fails to comply with any of the terms and conditions relative to the offer.

(*l*) ~~Any~~ *A* person who, in connection with ~~any~~ *an* offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:

(1) Conceals from ~~any~~ *an* officer or employee of this state ~~any~~ property belonging to the estate of a taxpayer or other person liable in respect of the tax.

(2) Receives, withholds, destroys, mutilates, or falsifies ~~any~~ *a* book, document, or record, or makes ~~any~~ *a* false statement, relating to the estate or financial condition of the taxpayer or other person liable in respect of the tax.

(m) For purposes of this section, "person" means the taxpayer, ~~any~~ *a* member of the taxpayer's family, ~~any~~ *a* corporation, agent, fiduciary, or representative of, or ~~any other~~ *another* individual or entity acting on behalf of, the taxpayer, or ~~any other~~ *another* corporation or entity owned or controlled by the taxpayer, directly or indirectly, or that owns or controls the taxpayer, directly or indirectly.

(n) This section shall become operative on January 1, ~~2013~~ *2018*.

SEC. 4. Section 50156.18 of the Revenue and Taxation Code, as amended by Section 590 of Chapter 15 of the Statutes of 2011, is amended to read:

50156.18. (a) (1) Beginning January 1, 2003, the executive director and chief counsel of the board, or their delegates, may compromise any final fee liability in which the reduction of the fee is seven thousand five hundred dollars ($7,500) or less.

(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in the fee in excess of seven thousand five hundred dollars ($7,500). ~~Any~~ *A* recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.

(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of the fee is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).

(b) For purposes of this section, "a final fee liability" means any final fee liability arising under Part 26 (commencing with Section 50101), or related interest, additions to the fee, penalties, or other amounts assessed under this part.

(c) (1) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.

(2) Notwithstanding paragraph (1), a qualified final fee liability may be compromised regardless of whether the business has been discontinued or transferred or whether the feepayer has a controlling interest or association with a similar type of business as the transferred or discontinued business. All other provisions of this section that apply to a final fee liability shall also apply to a qualified final fee liability, and ~~no~~ *a* compromise shall *not* be made under this subdivision unless all other requirements of this section are met. For purposes of this subdivision, a "qualified final fee liability" means that part of a final fee liability, including related interest, additions to *the* fee, penalties, or other amounts assessed under this part, arising from a transaction or transactions in which the board finds no evidence that the owner of the underground storage tank collected underground storage tank maintenance fee reimbursement from the operator of the underground storage tank or other person and which was determined against the feepayer under Article 2 (commencing with Section 50113) or Article 3 (commencing with Section 50114) of Chapter 3.

(3) A qualified final fee liability may not be compromised with any of the following:

(A) A feepayer who previously received a compromise under paragraph (2) for a liability, or a part thereof, arising from a transaction or transactions that are substantially similar to the transaction or transactions attributable to the liability for which the feepayer is making the offer.

(B) A business that was transferred by a feepayer who previously received a compromise under paragraph (2) and who has a controlling interest or association with the transferred business, when the liability for which the offer is made is attributable to a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.

(C) A business in which a feepayer who previously received a compromise under paragraph (2) has a controlling interest or association with a similar type of business for which the feepayer received the compromise, when the liability of the business making the offer arose from a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.

(d) The board may, in its discretion, enter into a written agreement which permits the feepayer to pay the compromise in installments for a period not exceeding one year. The agreement may provide that such installments shall be paid by electronic funds transfers or any other means to facilitate the payment of each installment.

(e) Except for any recommendation for approval as specified in subdivision (a), the members of the State Board of Equalization shall not participate in any offer in compromise matters pursuant to this section.

(f) A feepayer that has received a compromise under paragraph (2) of subdivision (c) may be required to enter into any collateral agreement that is deemed necessary for the protection of the interests of the state. A collateral agreement may include a provision that allows the board to reestablish the liability, or any portion thereof, if the feepayer has sufficient annual income during the succeeding five-year period. The board shall establish criteria for determining "sufficient annual income" for purposes of this subdivision.

(g) A feepayer that has received a compromise under paragraph (2) of subdivision (c) shall file and pay by the due date all subsequently required underground storage tank maintenance fee returns for a five-year period from the date the liability is compromised, or until the feepayer is no longer required to file underground storage tank maintenance fee returns, whichever period is earlier.

(h) For amounts to be compromised under this section, the following conditions shall exist:

(1) The feepayer shall establish that:

(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer's present assets or income.

(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.

(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.

(i) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.

(j) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.

(k) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, the acceptance of an offer in compromise from one liable feepayer shall not relieve the other feepayers from paying the entire liability. However, the amount of the liability shall be reduced by the amount of the accepted offer.

(*l*) Whenever a compromise of the fee or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:

(1) The name of the feepayer.

(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.

(3) The amount offered.

(4) A summary of the reason why the compromise is in the best interest of the state.

The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Chapter 8 ~~of Article 2~~ (commencing with Section ~~50156)~~ *50159).* ~~No~~ *A* list shall *not* be prepared and ~~no~~ releases *shall not be* distributed by the board in connection with these statements.

(m) ~~Any~~ *A* compromise made under this section may be rescinded, all compromised liabilities may be reestablished (without regard to any statute of limitations that otherwise may be applicable), and no portion of the amount offered in compromise refunded, if either of the following occurs:

(1) The board determines that ~~any~~ *a* person did any of the following acts regarding the making of the offer:

(A) Concealed from the board ~~any~~ property belonging to the estate of ~~any~~ *a* feepayer or other person liable for the fee.

(B) Received, withheld, destroyed, mutilated, or falsified ~~any~~ *a* book, document, or record, or made ~~any~~ *a* false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.

(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.

(n) ~~Any~~ *A* person who, in connection with ~~any~~ *an* offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:

(1) Conceals from ~~any~~ *an* officer or employee of this state ~~any~~ property belonging to the estate of a feepayer or other person liable in respect of the fee.

(2) Receives, withholds, destroys, mutilates, or falsifies ~~any~~ *a* book, document, or record, or makes ~~any~~ *a* false statement, relating to the estate or financial condition of the feepayer or other person liable in respect of the fee.

(o) For purposes of this section, "person" means the feepayer, ~~any~~ *a* member of the feepayer's family, ~~any~~ *a* corporation, agent, fiduciary, or representative of, or ~~any other~~ *another* individual or entity acting on behalf of, the feepayer, or ~~any other~~ *another* corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.

(p) This section shall remain in effect only until January 1, ~~2013~~ *2018*, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2013~~ *2018*, deletes or extends that date.

SEC. 5. Section 50156.18 of the Revenue and Taxation Code, as amended by Section 591 of Chapter 15 of the Statutes of 2011, is amended to read:

50156.18. (a) (1) The executive director and chief counsel of the board, or their delegates, may compromise any final fee liability in which the reduction of the fee is seven thousand five hundred dollars ($7,500) or less.

(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in the fee in excess of seven thousand five hundred dollars ($7,500). ~~Any~~ *A* recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.

(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of the fee is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).

(b) For purposes of this section, "a final fee liability" means any final fee liability arising under Part 26 (commencing with Section 50101), or related interest, additions to the fee, penalties, or other amounts assessed under this part.

(c) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.

(d) For amounts to be compromised under this section, the following conditions shall exist:

(1) The feepayer shall establish that:

(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer's present assets or income.

(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.

(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.

(e) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.

(f) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.

(g) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, the acceptance of an offer in compromise from one liable feepayer shall not relieve the other feepayers from paying the entire liability. However, the amount of the liability shall be reduced by the amount of the accepted offer.

(h) Whenever a compromise of the fee or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for a least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:

(1) The name of the feepayer.

(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.

(3) The amount offered.

(4) A summary of the reason why the compromise is in the best interest of the state.

The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Chapter 8 ~~of Article 2~~ (commencing with Section ~~50156)~~ *50159)*. ~~No~~ *A* list shall *not* be prepared and ~~no~~ releases *shall not be* distributed by the board in connection with these statements.

(i) ~~Any~~ *A* compromise made under this section may be rescinded, all compromised liabilities may be reestablished (without regard to any statute of limitations that otherwise may be applicable), and no portion of the amount offered in compromise refunded, if either of the following occurs:

(1) The board determines that ~~any~~ *a* person did any of the following acts regarding the making of the offer:

(A) Concealed from the board ~~any~~ property belonging to the estate of ~~any~~ *a* feepayer or other person liable for the fee.

(B) Received, withheld, destroyed, mutilated, or falsified ~~any~~ *a* book, document, or record, or made ~~any~~ *a* false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.

(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.

(j) ~~Any~~ *A* person who, in connection with ~~any~~ *an* offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:

(1) Conceals from ~~any~~ *an* officer or employee of this state ~~any~~ property belonging to the estate of a feepayer or other person liable in respect of the fee.

(2) Receives, withholds, destroys, mutilates, or falsifies ~~any~~ *a* book, document, or record, or makes ~~any~~ *a* false statement, relating to the estate or financial condition of the feepayer or other person liable in respect of the fee.

(k) For purposes of this section, "person" means the feepayer, ~~any~~ *a* member of the feepayer's family, ~~any~~ *a* corporation, agent, fiduciary, or representative of, or ~~any other~~ *another* individual or entity acting on behalf of, the feepayer, or ~~any other~~ *another* corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.

(*l*) This section shall become operative on January 1, ~~2013~~ *2018*.

SEC. 6. Section 55332.5 of the Revenue and Taxation Code, as amended by Section 592 of Chapter 15 of the Statutes of 2011, is amended to read:

55332.5. (a) (1) Beginning on January 1, 2007, the executive director and chief counsel of the board, or their delegates, may compromise any final fee liability where the reduction of fees is seven thousand five hundred dollars ($7,500) or less.

(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in fees

in excess of seven thousand five hundred dollars ($7,500). ~~Any~~ *A* recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.

(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of fees is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).

(b) For purposes of this section, “a final fee liability” means any final fee liability arising under Part 30 (commencing with Section 55001), or related interest, additions to fees, penalties, or other amounts assessed under this part.

(c) (1) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.

(2) Notwithstanding paragraph (1), a qualified final fee liability may be compromised regardless of whether the business has been discontinued or transferred or whether the feepayer has a controlling interest or association with a similar type of business as the transferred or discontinued business. All other provisions of this section that apply to a final fee liability shall also apply to a qualified final fee liability, and ~~no~~ *a* compromise shall *not* be made under this subdivision unless all other requirements of this section are met. For purposes of this subdivision, a “qualified final fee liability” means that part of a final fee liability, including related interest, additions to ~~fee~~ *fees*, penalties, or other amounts assessed under this part, arising from a transaction or transactions in which the board finds no evidence that the feepayer collected the fee from the purchaser or other person and which was determined against the feepayer under Article 2 (commencing with Section 55061) or Article 3 (commencing with Section 55081) of Chapter 3.

(3) A qualified final fee liability may not be compromised with any of the following:

(A) A feepayer who previously received a compromise under paragraph (2) for a liability, or a part thereof, arising from a transaction or transactions that are substantially similar to the transaction or transactions attributable to the liability for which the feepayer is making the offer.

(B) A business that was transferred by a feepayer who previously received a compromise under paragraph (2) and who has a controlling interest or association with the transferred business, when the liability for which the offer is made is attributable to a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.

(C) A business in which a feepayer who previously received a compromise under paragraph (2) has a controlling interest or association with a similar type of business for which the feepayer received the compromise, when the liability of the business making the offer arose from a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.

(d) The board may, in its discretion, enter into a written agreement which permits the feepayer to pay the compromise in installments for a period not exceeding one year. The agreement may provide that such installments shall be paid by electronic funds transfers or any other means to facilitate the payment of each installment.

(e) Except for any recommendation for approval as specified in subdivision (a), the members of the State Board of Equalization shall not participate in any offer in compromise matters pursuant to this section.

(f) A feepayer that has received a compromise under paragraph (2) of subdivision (c) may be required to enter into any collateral agreement that is deemed necessary for the protection of the interests of the state. A collateral agreement may include a provision that allows the board to reestablish the liability, or any portion thereof, if the feepayer has sufficient annual income during the succeeding five-year period. The board shall establish criteria for determining "sufficient annual income" for purposes of this subdivision.

(g) A feepayer that has received a compromise under paragraph (2) of subdivision (c) shall file and pay by the due date all subsequently required returns for a five-year period from the date the liability is compromised, or until the feepayer is no longer required to file returns, whichever period is earlier.

(h) Offers in compromise shall not be considered where the feepayer has been convicted of felony tax evasion under this part during the liability period.

(i) For amounts to be compromised under this section, the following conditions shall exist:

(1) The feepayer shall establish that:

(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer's present assets or income.

(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.

(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.

(j) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.

(k) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid fee and fraud or evasion penalty.

(2) The minimum offer may be waived if it can be shown that the feepayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the feepayer.

(*l*) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.

(m) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, feepayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable feepayer shall reduce the amount of the liability of the other feepayers by the amount of the accepted offer.

(n) Whenever a compromise of fees or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:

(1) The name of the feepayer.

(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.

(3) The amount offered.

(4) A summary of the reason why the compromise is in the best interest of the state.

The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Section 55381. ~~No~~ *A* list shall *not* be prepared and ~~no~~ releases *shall not be* distributed by the board in connection with these statements.

(o) ~~Any~~ *A* compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:

(1) The board determines that ~~any~~ *a* person did any of the following acts regarding the making of the offer:

(A) Concealed from the board ~~any~~ property belonging to the estate of ~~any~~ *a* feepayer or other person liable for the fee.

(B) Received, withheld, destroyed, mutilated, or falsified ~~any~~ *a* book, document, or record, or made ~~any~~ *a* false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.

(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.

(p) ~~Any~~ *A* person who, in connection with ~~any~~ *an* offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:

(1) Conceals from ~~any~~ *an* officer or employee of this state ~~any~~ property belonging to the estate of a feepayer or other person liable in respect of the fee.

(2) Receives, withholds, destroys, mutilates, or falsifies ~~any~~ *a* book, document, or record, or makes ~~any~~ *a* false statement, relating to the estate *or financial condition of the feepayer or other person liable in respect of the* fee.

(q) For purposes of this section, "person" means the feepayer, ~~any~~ *a* member of the feepayer's family, ~~any~~ *a* corporation, agent, fiduciary, or representative of, or ~~any other~~ *another* individual or entity acting on behalf of, the feepayer, or ~~any other~~ *another* corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.

(r) This section shall remain in effect only until January 1, ~~2013~~ *2018*, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2013~~ *2018*, deletes or extends that date.

SEC. 7. Section 55332.5 of the Revenue and Taxation Code, as amended by Section 593 of Chapter 15 of the Statutes of 2011, is amended to read:

55332.5. (a) (1) The executive director and chief counsel of the board, or their delegates, may compromise any final fee liability where the reduction of fees is seven thousand five hundred dollars ($7,500) or less.

(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in fees in excess of seven thousand five hundred dollars ($7,500). ~~Any~~ *A* recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.

(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of fees is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).

(b) For purposes of this section, “a final fee liability” means any final fee liability arising under Part 30 (commencing with Section 55001), or related interest, additions to fees, penalties, or other amounts assessed under this part.

(c) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.

(d) Offers in compromise shall not be considered where the feepayer has been convicted of felony tax evasion under this part during the liability period.

(e) For amounts to be compromised under this section, the following conditions shall exist:

(1) The feepayer shall establish that:

(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer’s present assets or income.

(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.

(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.

(f) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.

(g) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid fee and fraud or evasion penalty.

(2) The minimum offer may be waived if it can be shown that the feepayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the feepayer.

(h) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.

(i) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, feepayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable feepayer shall reduce the amount of the liability of the other feepayers by the amount of the accepted offer.

(j) Whenever a compromise of fees or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:

(1) The name of the feepayer.

(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.

(3) The amount offered.

(4) A summary of the reason why the compromise is in the best interest of the state.

The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Section 55381. ~~No~~ *A* list shall *not* be prepared and ~~no~~ releases *shall not be* distributed by the board in connection with these statements.

(k) ~~Any~~ *A* compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:

(1) The board determines that ~~any~~ *a* person did any of the following acts regarding the making of the offer:

(A) Concealed from the board ~~any~~ property belonging to the estate of ~~any~~ *a* feepayer or other person liable for the fee.

(B) Received, withheld, destroyed, mutilated, or falsified ~~any~~ *a* book, document, or record, or made ~~any~~ *a* false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.

(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.

(*l*) ~~Any~~ *A* person who, in connection with ~~any~~ *an* offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:

(1) Conceals from ~~any~~ *an* officer or employee of this state ~~any~~ property belonging to the estate of a feepayer or other person liable in respect of the fee.

(2) Receives, withholds, destroys, mutilates, or falsifies ~~any~~ *a* book, document, or record, or makes ~~any~~ *a* false statement, relating to the estate fee.

(m) For purposes of this section, "person" means the feepayer, ~~any~~ *a* member of the feepayer's family, ~~any~~ *a* corporation, agent, fiduciary, or representative of, or ~~any other~~ *another* individual or entity acting on behalf of, the feepayer, or ~~any other~~ *another* corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.

(n) This section shall become operative on January 1, ~~2013~~ *2018*.

SEC. 8. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

~~SECTION 1. Section 30459.15 of the Revenue and Taxation Code, as amended by Section 574 of Chapter 15 of the Statutes of 2011, is amended to read:~~

~~30459.15. (a) (1) Beginning on January 1, 2007, the executive director and chief counsel of the board, or their delegates, may~~

~~compromise any final tax liability where the reduction of tax is seven thousand five hundred dollars ($7,500) or less.~~

~~(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final tax liability involving a reduction in tax in excess of seven thousand five hundred dollars ($7,500). Any recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.~~

~~(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final tax liability in which the reduction of tax is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).~~

~~(b) For purposes of this section, "a final tax liability" means any final tax liability arising under Part 13 (commencing with Section 30001), or related interest, additions to tax, penalties, or other amounts assessed under this part.~~

~~(c) Offers in compromise shall be considered only for liabilities that were generated by the following:~~

~~(1) A business that has been discontinued or transferred, where the taxpayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.~~

~~(2) A taxpayer that has purchased untaxed cigarettes or tobacco products from out-of-state vendors for their own use or consumption.~~

~~(3) Notwithstanding paragraph (1) or (2), a qualified final tax liability may be compromised regardless of whether the business has been discontinued or transferred or whether the taxpayer has a controlling interest or association with a similar type of business as the transferred or discontinued business. All other provisions of this section that apply to a final tax liability shall also apply to a qualified final tax liability, and no compromise shall be made under this subdivision unless all other requirements of this section are met. For purposes of this subdivision, a "qualified final tax liability" means either of the following:~~

~~(A) That part of a final tax liability, including related interest, additions to tax, penalties, or other amounts assessed under this~~

~~part, arising from a transaction or transactions in which the board finds no evidence that the taxpayer collected cigarette or tobacco products tax reimbursement from the purchaser or other person and which was determined against the taxpayer under Article 2 (commencing with Section 30201), Article 3 (commencing with Section 30221), or Article 5 (commencing with Section 30261) of Chapter 4.~~

~~(B) That part of a final tax liability for cigarette or tobacco products tax, including related interest, additions to tax, penalties, or other amounts assessed under this part, determined under Article 2 (commencing with Section 30201), Article 3 (commencing with Section 30221), and Article 5 (commencing with Section 30261) of Chapter 4 against a taxpayer who is a consumer that is not required to hold a license under Article 1 (commencing with Section 30140) of Chapter 3.~~

~~(4) A qualified final tax liability may not be compromised with any of the following:~~

~~(A) A taxpayer who previously received a compromise under paragraph (3) for a liability, or a part thereof, arising from a transaction or transactions that are substantially similar to the transaction or transactions attributable to the liability for which the taxpayer is making the offer.~~

~~(B) A business that was transferred by a taxpayer who previously received a compromise under paragraph (3) and who has a controlling interest or association with the transferred business, when the liability for which the offer is made is attributable to a transaction or transactions substantially similar to the transaction or transactions for which the taxpayer's liability was previously compromised.~~

~~(C) A business in which a taxpayer who previously received a compromise under paragraph (3) has a controlling interest or association with a similar type of business for which the taxpayer received the compromise, when the liability of the business making the offer arose from a transaction or transactions substantially similar to the transaction or transactions for which the taxpayer's liability was previously compromised.~~

~~(d) The board may, in its discretion, enter into a written agreement which permits the taxpayer to pay the compromise in installments for a period not exceeding one year. The agreement may provide that such installments shall be paid by electronic~~

~~funds transfers or any other means to facilitate the payment of each installment.~~

~~(e) Except for any recommendation for approval as specified in subdivision (a), the members of the State Board of Equalization shall not participate in any offer in compromise matters pursuant to this section.~~

~~(f) A taxpayer that has received a compromise under paragraph (3) of subdivision (c) may be required to enter into any collateral agreement that is deemed necessary for the protection of the interests of the state. A collateral agreement may include a provision that allows the board to reestablish the liability, or any portion thereof, if the taxpayer has sufficient annual income during the succeeding five-year period. The board shall establish criteria for determining "sufficient annual income" for purposes of this subdivision.~~

~~(g) A taxpayer that has received a compromise under paragraph (3) of subdivision (c) shall file and pay by the due date all subsequently required cigarette and tobacco products tax reports or returns for a five-year period from the date the liability is compromised, or until the taxpayer is no longer required to file cigarette and tobacco products tax reports or returns, whichever period is earlier.~~

~~(h) Offers in compromise shall not be considered under the following conditions:~~

~~(1) The taxpayer has been convicted of felony tax evasion under this part during the liability period.~~

~~(2) The taxpayer has filed a statement under paragraph (3) of subdivision (i) and continues to purchase untaxed cigarettes or tobacco products from out-of-state vendors for their own use or consumption.~~

~~(i) For amounts to be compromised under this section, the following conditions shall exist:~~

~~(1) The taxpayer shall establish that:~~

~~(A) The amount offered in payment is the most that can be expected to be paid or collected from the taxpayer's present assets or income.~~

~~(B) The taxpayer does not have reasonable prospects of acquiring increased income or assets that would enable the taxpayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.~~

~~(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.~~

~~(3) For liabilities generated in the manner described in paragraph (2) of subdivision (c), the taxpayer shall file with the board a statement, under penalty of perjury, that he or she will no longer purchase untaxed cigarettes or tobacco products from out-of-state vendors for his or her own use or consumption.~~

~~(j) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final tax liability shall not be subject to administrative appeal or judicial review.~~

~~(k) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid tax and fraud or evasion penalty.~~

~~(2) The minimum offer may be waived if it can be shown that the taxpayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the taxpayer.~~

~~(*l*) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the taxpayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the taxpayer.~~

~~(m) When more than one taxpayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, taxpayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable taxpayer shall reduce the amount of the liability of the other taxpayers by the amount of the accepted offer.~~

~~(n) Whenever a compromise of tax or penalties or total tax and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:~~

~~(1) The name of the taxpayer.~~

~~(2) The amount of unpaid tax and related penalties, additions to tax, interest, or other amounts involved.~~

~~(3) The amount offered.~~

~~(4) A summary of the reason why the compromise is in the best interest of the state.~~

~~The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the taxpayer or violate the confidentiality provisions of Section 30455. No list shall be prepared and no releases distributed by the board in connection with these statements.~~

~~(o) Any compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:~~

~~(1) The board determines that any person did any of the following acts regarding the making of the offer:~~

~~(A) Concealed from the board any property belonging to the estate of any taxpayer or other person liable for the tax.~~

~~(B) Received, withheld, destroyed, mutilated, or falsified any book, document, or record or made any false statement, relating to the estate or financial condition of the taxpayer or other person liable for the tax.~~

~~(2) The taxpayer fails to comply with any of the terms and conditions relative to the offer.~~

~~(p) Any person who, in connection with any offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:~~

~~(1) Conceals from any officer or employee of this state any property belonging to the estate of a taxpayer or other person liable in respect of the tax.~~

~~(2) Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the taxpayer or other person liable in respect of the tax.~~

~~(q) For purposes of this section, "person" means the taxpayer, any member of the taxpayer's family, any corporation, agent, fiduciary, or representative of, or any other individual or entity acting on behalf of, the taxpayer, or any other corporation or entity owned or controlled by the taxpayer, directly or indirectly, or that owns or controls the taxpayer, directly or indirectly.~~

~~(r) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.~~

~~SEC. 2. Section 50156.18 of the Revenue and Taxation Code, as amended by Section 590 of Chapter 15 of the Statutes of 2011, is amended to read:~~

~~50156.18. (a) (1) Beginning January 1, 2003, the executive director and chief counsel of the board, or their delegates, may compromise any final fee liability in which the reduction of the fee is seven thousand five hundred dollars ($7,500) or less.~~

~~(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in the fee in excess of seven thousand five hundred dollars ($7,500). Any recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.~~

~~(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of the fee is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).~~

~~(b) For purposes of this section, "a final fee liability" means any final fee liability arising under Part 26 (commencing with Section 50101), or related interest, additions to the fee, penalties, or other amounts assessed under this part.~~

~~(c) (1) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.~~

~~(2) Notwithstanding paragraph (1), a qualified final fee liability may be compromised regardless of whether the business has been discontinued or transferred or whether the feepayer has a controlling interest or association with a similar type of business as the transferred or discontinued business. All other provisions of this section that apply to a final fee liability shall also apply to a qualified final fee liability, and no compromise shall be made under this subdivision unless all other requirements of this section are met. For purposes of this subdivision, a "qualified final fee liability" means that part of a final fee liability, including related interest, additions to fee, penalties, or other amounts assessed under this part, arising from a transaction or transactions in which the board finds no evidence that the owner of the underground storage tank collected underground storage tank maintenance fee reimbursement from the operator of the underground storage tank or other person and which was determined against the feepayer under Article 2 (commencing with Section 50113) or Article 3 (commencing with Section 50114) of Chapter 3.~~

~~(3) A qualified final fee liability may not be compromised with any of the following:~~

~~(A) A feepayer who previously received a compromise under paragraph (2) for a liability, or a part thereof, arising from a transaction or transactions that are substantially similar to the transaction or transactions attributable to the liability for which the feepayer is making the offer.~~

~~(B) A business that was transferred by a feepayer who previously received a compromise under paragraph (2) and who has a controlling interest or association with the transferred business, when the liability for which the offer is made is attributable to a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.~~

~~(C) A business in which a feepayer who previously received a compromise under paragraph (2) has a controlling interest or association with a similar type of business for which the feepayer received the compromise, when the liability of the business making the offer arose from a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.~~

~~(d) The board may, in its discretion, enter into a written agreement which permits the feepayer to pay the compromise in installments for a period not exceeding one year. The agreement may provide that such installments shall be paid by electronic funds transfers or any other means to facilitate the payment of each installment.~~

~~(e) Except for any recommendation for approval as specified in subdivision (a), the members of the State Board of Equalization shall not participate in any offer in compromise matters pursuant to this section.~~

~~(f) A feepayer that has received a compromise under paragraph (2) of subdivision (c) may be required to enter into any collateral agreement that is deemed necessary for the protection of the interests of the state. A collateral agreement may include a provision that allows the board to reestablish the liability, or any portion thereof, if the feepayer has sufficient annual income during the succeeding five-year period. The board shall establish criteria for determining "sufficient annual income" for purposes of this subdivision.~~

~~(g) A feepayer that has received a compromise under paragraph (2) of subdivision (c) shall file and pay by the due date all subsequently required underground storage tank maintenance fee returns for a five-year period from the date the liability is compromised, or until the feepayer is no longer required to file underground storage tank maintenance fee returns, whichever period is earlier.~~

~~(h) For amounts to be compromised under this section, the following conditions shall exist:~~

~~(1) The feepayer shall establish that:~~

~~(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer's present assets or income.~~

~~(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.~~

~~(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.~~

~~(i) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction~~

~~of a final fee liability shall not be subject to administrative appeal or judicial review.~~

~~(j) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.~~

~~(k) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, the acceptance of an offer in compromise from one liable feepayer shall not relieve the other feepayers from paying the entire liability. However, the amount of the liability shall be reduced by the amount of the accepted offer.~~

~~(*l*) Whenever a compromise of the fee or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:~~

~~(1) The name of the feepayer.~~

~~(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.~~

~~(3) The amount offered.~~

~~(4) A summary of the reason why the compromise is in the best interest of the state.~~

~~The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Chapter 8 (commencing with Section 50159). No list shall be prepared and no releases distributed by the board in connection with these statements.~~

~~(m) Any compromise made under this section may be rescinded, all compromised liabilities may be reestablished (without regard to any statute of limitations that otherwise may be applicable), and no portion of the amount offered in compromise refunded, if either of the following occurs:~~

~~(1) The board determines that any person did any of the following acts regarding the making of the offer:~~

~~(A) Concealed from the board any property belonging to the estate of any feepayer or other person liable for the fee.~~

~~(B) Received, withheld, destroyed, mutilated, or falsified any book, document, or record or made any false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.~~

~~(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.~~

~~(n) Any person who, in connection with any offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:~~

~~(1) Conceals from any officer or employee of this state any property belonging to the estate of a feepayer or other person liable in respect of the fee.~~

~~(2) Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the feepayer or other person liable in respect of the fee.~~

~~(o) For purposes of this section, "person" means the feepayer, any member of the feepayer's family, any corporation, agent, fiduciary, or representative of, or any other individual or entity acting on behalf of, the feepayer, or any other corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.~~

~~(p) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.~~

~~SEC. 3. Section 50156.18 of the Revenue and Taxation Code, as amended by Section 591 of Chapter 15 of the Statutes of 2011, is amended to read:~~

~~50156.18. (a) (1) The executive director and chief counsel of the board, or their delegates, may compromise any final fee liability in which the reduction of the fee is seven thousand five hundred dollars ($7,500) or less.~~

~~(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly,~~

~~may compromise a final fee liability involving a reduction in the fee in excess of seven thousand five hundred dollars ($7,500). Any recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.~~

~~(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of the fee is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).~~

~~(b) For purposes of this section, “a final fee liability” means any final fee liability arising under Part 26 (commencing with Section 50101), or related interest, additions to the fee, penalties, or other amounts assessed under this part.~~

~~(c) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.~~

~~(d) For amounts to be compromised under this section, the following conditions shall exist:~~

~~(1) The feepayer shall establish that:~~

~~(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer’s present assets or income.~~

~~(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.~~

~~(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.~~

~~(e) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.~~

~~(f) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event~~

~~an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.~~

~~(g) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, the acceptance of an offer in compromise from one liable feepayer shall not relieve the other feepayers from paying the entire liability. However, the amount of the liability shall be reduced by the amount of the accepted offer.~~

~~(h) Whenever a compromise of the fee or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for a least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:~~

~~(1) The name of the feepayer.~~

~~(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.~~

~~(3) The amount offered.~~

~~(4) A summary of the reason why the compromise is in the best interest of the state.~~

~~The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Chapter 8 (commencing with Section 50159). No list shall be prepared and no releases distributed by the board in connection with these statements.~~

~~(i) Any compromise made under this section may be rescinded, all compromised liabilities may be reestablished (without regard to any statute of limitations that otherwise may be applicable), and no portion of the amount offered in compromise refunded, if either of the following occurs:~~

~~(1) The board determines that any person did any of the following acts regarding the making of the offer:~~

~~(A) Concealed from the board any property belonging to the estate of any feepayer or other person liable for the fee.~~

~~(B) Received, withheld, destroyed, mutilated, or falsified any book, document, or record or made any false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.~~

~~(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.~~

~~(j) Any person who, in connection with any offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:~~

~~(1) Conceals from any officer or employee of this state any property belonging to the estate of a feepayer or other person liable in respect of the fee.~~

~~(2) Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the feepayer or other person liable in respect of the fee.~~

~~(k) For purposes of this section, "person" means the feepayer, any member of the feepayer's family, any corporation, agent, fiduciary, or representative of, or any other individual or entity acting on behalf of, the feepayer, or any other corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.~~

~~(*l*) This section shall become operative on January 1, 2013.~~

~~SEC. 4. Section 55332.5 of the Revenue and Taxation Code, as amended by Section 592 of Chapter 15 of Statutes of 2011, is amended to read:~~

~~55332.5. (a) (1) Beginning on January 1, 2007, the executive director and chief counsel of the board, or their delegates, may compromise any final fee liability where the reduction of fees is seven thousand five hundred dollars ($7,500) or less.~~

~~(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in fees in excess of seven thousand five hundred dollars ($7,500). Any recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.~~

~~(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of fees is in excess of~~

~~seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).~~

~~(b) For purposes of this section, “a final fee liability” means any final fee liability arising under Part 30 (commencing with Section 55001), or related interest, additions to fees, penalties, or other amounts assessed under this part.~~

~~(c) (1) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.~~

~~(2) Notwithstanding paragraph (1), a qualified final fee liability may be compromised regardless of whether the business has been discontinued or transferred or whether the feepayer has a controlling interest or association with a similar type of business as the transferred or discontinued business. All other provisions of this section that apply to a final fee liability shall also apply to a qualified final fee liability, and no compromise shall be made under this subdivision unless all other requirements of this section are met. For purposes of this subdivision, a “qualified final fee liability” means that part of a final fee liability, including related interest, additions to fee, penalties, or other amounts assessed under this part, arising from a transaction or transactions in which the board finds no evidence that the feepayer collected the fee from the purchaser or other person and which was determined against the feepayer under Article 2 (commencing with Section 55061) or Article 3 (commencing with Section 55081) of Chapter 3.~~

~~(3) A qualified final fee liability may not be compromised with any of the following:~~

~~(A) A feepayer who previously received a compromise under paragraph (2) for a liability, or a part thereof, arising from a transaction or transactions that are substantially similar to the transaction or transactions attributable to the liability for which the feepayer is making the offer.~~

~~(B) A business that was transferred by a feepayer who previously received a compromise under paragraph (2) and who has a controlling interest or association with the transferred business, when the liability for which the offer is made is attributable to a~~

~~transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.~~

~~(C) A business in which a feepayer who previously received a compromise under paragraph (2) has a controlling interest or association with a similar type of business for which the feepayer received the compromise, when the liability of the business making the offer arose from a transaction or transactions substantially similar to the transaction or transactions for which the feepayer's liability was previously compromised.~~

~~(d) The board may, in its discretion, enter into a written agreement which permits the feepayer to pay the compromise in installments for a period not exceeding one year. The agreement may provide that such installments shall be paid by electronic funds transfers or any other means to facilitate the payment of each installment.~~

~~(e) Except for any recommendation for approval as specified in subdivision (a), the members of the State Board of Equalization shall not participate in any offer in compromise matters pursuant to this section.~~

~~(f) A feepayer that has received a compromise under paragraph (2) of subdivision (c) may be required to enter into any collateral agreement that is deemed necessary for the protection of the interests of the state. A collateral agreement may include a provision that allows the board to reestablish the liability, or any portion thereof, if the feepayer has sufficient annual income during the succeeding five-year period. The board shall establish criteria for determining "sufficient annual income" for purposes of this subdivision.~~

~~(g) A feepayer that has received a compromise under paragraph (2) of subdivision (c) shall file and pay by the due date all subsequently required returns for a five-year period from the date the liability is compromised, or until the feepayer is no longer required to file returns, whichever period is earlier.~~

~~(h) Offers in compromise shall not be considered where the feepayer has been convicted of felony tax evasion under this part during the liability period.~~

~~(i) For amounts to be compromised under this section, the following conditions shall exist:~~

~~(1) The feepayer shall establish that:~~

~~(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer's present assets or income.~~

~~(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.~~

~~(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.~~

~~(j) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.~~

~~(k) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid fee and fraud or evasion penalty.~~

~~(2) The minimum offer may be waived if it can be shown that the feepayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the feepayer.~~

~~(*l*) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.~~

~~(m) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, feepayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable feepayer shall reduce the amount of the liability of the other feepayers by the amount of the accepted offer.~~

~~(n) Whenever a compromise of fees or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:~~

~~(1) The name of the feepayer.~~

~~(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.~~

~~(3) The amount offered.~~

~~(4) A summary of the reason why the compromise is in the best interest of the state.~~

~~The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Section 55381. No list shall be prepared and no releases distributed by the board in connection with these statements.~~

~~(o) Any compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:~~

~~(1) The board determines that any person did any of the following acts regarding the making of the offer:~~

~~(A) Concealed from the board any property belonging to the estate of any feepayer or other person liable for the fee.~~

~~(B) Received, withheld, destroyed, mutilated, or falsified any book, document, or record or made any false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.~~

~~(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.~~

~~(p) Any person who, in connection with any offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision (h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:~~

~~(1) Conceals from any officer or employee of this state any property belonging to the estate of a feepayer or other person liable in respect of the fee.~~

~~(2) Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating~~

~~to the estate or financial condition of the feepayer or other person liable with respect to the fee.~~

~~(q) For purposes of this section, “person” means the feepayer, any member of the feepayer’s family, any corporation, agent, fiduciary, or representative of, or any other individual or entity acting on behalf of, the feepayer, or any other corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.~~

~~(r) This section shall remain in effect only until January 1, 2013, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2013, deletes or extends that date.~~

~~SEC. 5. Section 55332.5 of the Revenue and Taxation Code, as amended by Section 593 of Chapter 15 of the Statutes of 2011, is amended to read:~~

~~55332.5. (a) (1) The executive director and chief counsel of the board, or their delegates, may compromise any final fee liability where the reduction of fees is seven thousand five hundred dollars ($7,500) or less.~~

~~(2) Except as provided in paragraph (3), the board, upon recommendation by its executive director and chief counsel, jointly, may compromise a final fee liability involving a reduction in fees in excess of seven thousand five hundred dollars ($7,500). Any recommendation for approval of an offer in compromise that is not either approved or disapproved within 45 days of the submission of the recommendation shall be deemed approved.~~

~~(3) The board, itself, may by resolution delegate to the executive director and the chief counsel, jointly, the authority to compromise a final fee liability in which the reduction of fees is in excess of seven thousand five hundred dollars ($7,500), but less than ten thousand dollars ($10,000).~~

~~(b) For purposes of this section, “a final fee liability” means any final fee liability arising under Part 30 (commencing with Section 55001), or related interest, additions to fees, penalties, or other amounts assessed under this part.~~

~~(c) Offers in compromise shall be considered only for liabilities that were generated from a business that has been discontinued or transferred, where the feepayer making the offer no longer has a controlling interest or association with the transferred business or has a controlling interest or association with a similar type of business as the transferred or discontinued business.~~

~~(d) Offers in compromise shall not be considered where the feepayer has been convicted of felony tax evasion under this part during the liability period.~~

~~(e) For amounts to be compromised under this section, the following conditions shall exist:~~

~~(1) The feepayer shall establish that:~~

~~(A) The amount offered in payment is the most that can be expected to be paid or collected from the feepayer's present assets or income.~~

~~(B) The feepayer does not have reasonable prospects of acquiring increased income or assets that would enable the feepayer to satisfy a greater amount of the liability than the amount offered, within a reasonable period of time.~~

~~(2) The board shall have determined that acceptance of the compromise is in the best interest of the state.~~

~~(f) A determination by the board that it would not be in the best interest of the state to accept an offer in compromise in satisfaction of a final fee liability shall not be subject to administrative appeal or judicial review.~~

~~(g) (1) Offers for liabilities with a fraud or evasion penalty shall require a minimum offer of the unpaid fee and fraud or evasion penalty.~~

~~(2) The minimum offer may be waived if it can be shown that the feepayer making the offer was not the person responsible for perpetrating the fraud or evasion. This authorization to waive only applies to partnership accounts where the intent to commit fraud or evasion can be clearly attributed to a partner of the feepayer.~~

~~(h) When an offer in compromise is either accepted or rejected, or the terms and conditions of a compromise agreement are fulfilled, the board shall notify the feepayer in writing. In the event an offer is rejected, the amount posted will either be applied to the liability or refunded, at the discretion of the feepayer.~~

~~(i) When more than one feepayer is liable for the debt, such as with spouses or partnerships or other business combinations, including, but not limited to, feepayers who are liable through dual determination or successor's liability, the acceptance of an offer in compromise from one liable feepayer shall reduce the amount of the liability of the other feepayers by the amount of the accepted offer.~~

~~(j) Whenever a compromise of fees or penalties or total fees and penalties in excess of five hundred dollars ($500) is approved, there shall be placed on file for at least one year in the office of the executive director of the board a public record with respect to that compromise. The public record shall include all of the following information:~~

~~(1) The name of the feepayer.~~

~~(2) The amount of unpaid fees and related penalties, additions to fees, interest, or other amounts involved.~~

~~(3) The amount offered.~~

~~(4) A summary of the reason why the compromise is in the best interest of the state.~~

~~The public record shall not include any information that relates to any trade secrets, patent, process, style of work, apparatus, business secret, or organizational structure, that if disclosed, would adversely affect the feepayer or violate the confidentiality provisions of Section 55381. No list shall be prepared and no releases distributed by the board in connection with these statements.~~

~~(k) Any compromise made under this section may be rescinded, all compromised liabilities may be reestablished, without regard to any statute of limitations that otherwise may be applicable, and no portion of the amount offered in compromise refunded, if either of the following occurs:~~

~~(1) The board determines that any person did any of the following acts regarding the making of the offer:~~

~~(A) Concealed from the board any property belonging to the estate of any feepayer or other person liable for the fee.~~

~~(B) Received, withheld, destroyed, mutilated, or falsified any book, document, or record or made any false statement, relating to the estate or financial condition of the feepayer or other person liable for the fee.~~

~~(2) The feepayer fails to comply with any of the terms and conditions relative to the offer.~~

~~(*l*) Any person who, in connection with any offer or compromise under this section, or offer of that compromise to enter into that agreement, willfully does either of the following shall be guilty of a felony and, upon conviction, shall be fined not more than fifty thousand dollars ($50,000) or imprisoned pursuant to subdivision~~

~~(h) of Section 1170 of the Penal Code, or both, together with the costs of investigation and prosecution:~~

~~(1) Conceals from any officer or employee of this state any property belonging to the estate of a feepayer or other person liable in respect of the fee.~~

~~(2) Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the feepayer or other person liable with respect to the fee.~~

~~(m) For purposes of this section, "person" means the feepayer, any member of the feepayer's family, any corporation, agent, fiduciary, or representative of, or any other individual or entity acting on behalf of, the feepayer, or any other corporation or entity owned or controlled by the feepayer, directly or indirectly, or that owns or controls the feepayer, directly or indirectly.~~

~~(n) This section shall become operative on January 1, 2013.~~

~~SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.~~

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