Dear Commissioners:

Thank you very much for your active participation in our last meeting during which I believe we made substantial progress. Per your request, I have been discussing with Governor Schwarzenegger, the Speaker of the Assembly and the President Pro Tem of the Senate an extension of our Commission. There is a great desire from each of them to have our recommendations as soon as possible in September for immediate deliberation by the Legislature, and I will propose a schedule next week that will anticipate a lot of additional work in August, especially if we decide to recommend a Business Net Receipts Tax (BNRT). While the broad conceptual outlines of the BNRT have been defined, there must be considerable investigation, analysis and discussion about important components of the tax. Given the important role that this tax might play in the state's revenue portfolio we need to make certain that we have thought through and addressed its economic, administrative and legal implications.

For these reasons, I suggest we conduct one or two public workshops during the last week in August. I will provide the date(s) next week. These workshops will give interested parties an opportunity to ask questions about the BNRT and offer constructive suggestions as to how such a tax should be crafted. Staff will be organizing these workshops and I request that each of your submit names of organizations that should be requested to participate. All Commissioners are, of course, welcome to attend these workshops.

In order to fully prepare for the workshops, Chris Edley and John Cogan have agreed to work with me and our Commission staff, as well as the staff of the Franchise Tax Board, the Legislative Counsel's Office, other legal experts and economists familiar with the tax. Please let me know if you have any suggestions of individuals who might be helpful in this technical work.

We will then hold one or two Commission meetings in September (I will be sending you proposed dates to ensure full Commission participation). The detailed materials for these Commission meetings will be available to Commissioners and the public at least 72 hours in advance.

For your reference, attached are the following:

1. A copy of the structure our recommendations will take as approved at our last meeting; and
2. The tax package as agreed during our last meeting to be analyzed and discussed at our next meeting.

Please let me know if you have any questions. I really appreciate your help as we move the process forward.

Best regards,

Gerry Parsky