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The Contemporary Tax Journal's Interview of David Doerr

By: Lisa Pan, *MST Student*

Mr. Doerr is a San Jose native and a graduate of San Jose State University. He served as the Chief Consultant to California Assembly Revenue and Taxation Committee for 24 years, before joining the California Taxpayers Association (CalTax) in 1987.

As a legislative consultant, Mr. Doerr analyzed and reported on all aspects of California taxes. His findings were highly valued by the legislature, the regulatory agencies, and the general public. In 2009, he was honored by the Franchise Tax Board for “fifty years of tireless service in representing the interests of three generations of California taxpayers” (Selvi Stanislaus, FTB Executive Officer).

During his tenure at CalTax, Mr. Doerr founded its weekly publication, CalTaxletter, for which he analyzes and reports the most pressing tax issues. Mr. Doerr also is the author of *California's Tax Machine: A History of Taxing and Spending in the Golden State*, a comprehensive explanation of California's tax system from the colonial period to the 21st century.

I had the pleasure to interview Mr. David Doerr, accompanied by his long-time friend Ms. Gina Rodriguez, Vice President of State Tax Policy for CalTax. This interview was conducted before the California Bar Tax Section Annual Meeting in San Jose where both Mr. Doerr and Ms. Rodriguez were speaking. Mr. Doerr was happy to be back in San Jose and very excited to share his long-time connection with San Jose State University. I also learned about his first-hand involvement in some of the most significant tax reforms in California history.

At the California Bar Tax Section Annual Meeting, I had another chance to hear Mr. Doerr speak on the legacies of Proposition 13. Once again, it was evident that Mr. Doerr is well respected by tax professionals from all sectors. Having worked on state tax policy for over 50 years, Mr. Doerr remains an active contributor in the research, education, and understanding of California taxes.



SJSU CTJ: How did you become involved with SJSU, and what is one of your fondest memories of being a student there?

Doerr: I was part of SJSU since age 3½. I went to the SJSU nursery school with no knowledge that researchers were studying us at the same time. My mother taught folk dance at SJSU, and that's where she met my wife, even before I did.

SJSU CTJ: As a political science major, how did you get involved with state and local taxation as opposed to other areas of state or federal law?

Doerr: After working as a consultant for the Assembly Government Organization, Education, and Elections Committees for several years, Speaker Unruh and Assembly member Petris wanted me to work for the Tax Committee. I did have opportunities to be involved with federal legislation. The Department of Health, Education, and Welfare was considering a school funding program with an equalization program for property taxes across the nation, much like the system in California. In meetings I told the Under Secretary of the Department how difficult it would be to administer such a system. Each property assessor would have an incentive to under-assess, hoping the federal government would pick up the difference between a standard amount a school district should receive and the property taxes collected.

SJSU CTJ: How did you come to be a staff member for the California Assembly Revenue and Taxation Committee?

Doerr: I applied for an internship with the California Assembly. At first I was assigned to the Assembly Government Organization Committee. The consultant on the committee left after a year, so I became a consultant the very next year. There I wrote reports on privatizing public university architecture and K-12 textbooks, then later I was called to the Assembly Revenue and Taxation Committee to consult on tax issues.

SJSU CTJ: What stands out as one or two of your most significant accomplishments as chief consultant to the Revenue and Tax Committee in your 20+ years working there?

Doerr: Implementation of Proposition 13 and reforming the Unitary Tax System. Two weeks before the people's vote on Prop. 13, the Assembly Speaker called me to his office and said: "Proposition 13 is going to pass, we have to start the implementation process now." I worked with Martin Helmke and Fred Silva from the Senate to develop a draft legislative proposal for implementation. The legislature adopted most of the proposal and implementation was actually finished one week early. Proposition 13 was a significant voter-initiative tax relief measure.

Reform of the Unitary Tax System took seven years to be enacted into law. When I worked on the so-called "water's-edge" unitary bill, I had members from Parliaments from across the world coming to my office sharing their frustration with California's worldwide reporting requirement.

SJSU CTJ: If you could change one area of California's tax or budget rules, what would it be and why?

Doerr: Simplify the tax code, specifically sales tax. The existing sales tax system is way too complicated. A sales tax error may exist for years. When it does get discovered, it may have already affected millions of transactions. It is very difficult at that point to collect the unpaid tax from customers, so the business ends up bearing the burden.

SJSU CTJ: Most tax practitioners focus on tax compliance and planning. What are some ways for students and young tax professionals to participate in the legislative side of taxation?

Doerr: First, they need to know what is going on. As there is little public coverage of tax issues, they can find information by reading the CalTax web page at www.caltax.org. It covers not only legislative issues, but also regulatory developments. Then they also can interact with various groups that focus on tax issues, their legislators, and testify at

hearings. Regulatory issues involve drafting of various regulations after a law has passed.

(From Gina Rodriguez) Both the FTB and the BOE hold meetings with interested parties on regulations under consideration. The meetings usually are run informally. The FTB and the BOE lay out potential issues with a piece of legislation, how they plan to address them, and the interested parties are free to express how the issues might affect them. Some issues may involve multiple interested parties' meetings. After the meetings, the FTB and the BOE draft the more formal regulation proposal, and invite formal public comment, before seeking formal adoption of a regulation.

SJSU CTJ: What is the most unusual item in your office?

Doerr: A check for three cents to the Board of Equalization. When I was working for the Legislature, I wanted to convince the Board to exempt reporting of de minimis use tax, but they were very resistive to that idea. So I went to Nevada to buy something, and sent the BOE a check for the use tax I owed, which was three cents. BOE was very upset and even sent staff to my office. But I did illustrate the point that de minimis use tax would be extremely difficult to comply with and administer. BOE never cashed the check and it is still sitting in my office.