

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Diaz Analyst: Darrine Distefano Bill Number: AB 866

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 05-31-2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Child Care Program Credit/Child Care Contribution Credit/Extend Repeal Date to December 1, 2007

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 4, 2001. STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would extend the availability of the Employer Child Care Program Credit and the Employer Child Care Contribution Credit to taxable years beginning before January 1, 2007.

SUMMARY OF AMENDMENTS

The May 31, 2001, amendments eliminate from the definition of "contributions" any employer reimbursements for qualified care expenses incurred by employees under the Employer Child Care Contribution Credit.

Except for this change to the definition and the resulting change to the revenue, the department's analysis of the bill as amended April 4, 2001, still applies.

POSITION

Neutral.

At its May 2, 2001, meeting, the Franchise Tax Board voted 2-0 to take a neutral position on this bill, with Annette Porini, on behalf of Member B. Timothy Gage abstaining.

Board Position:

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Legislative Director

Date

Brian Putler

06/21/01

ECONOMIC IMPACT

Revenue Estimate

This bill would result in revenue losses as shown in the following table.

Fiscal Year Cash Flow				
Taxable Years Beginning After December 31, 2002				
Enactment Assumed After June 30, 2001				
\$ Millions				
2002-3	2003-04	2004-05	2005-06	2006-07
Minor Loss*	-\$10	-\$11	-\$12	-\$12

* Loss less than 500,000

This analysis does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Note: The revenue estimate for the bill as introduced February 22, 2001, reflected the extended sunset date for both the contribution and the program credit. That estimate should have only reflected the extension of the program credit. Although the revised revenue estimate above is the same as the bill introduced February 22, 2001, this estimate reflects the extension of the sunset date for both credits as well as the change to the definition of "contributions."

Revenue Discussion

The revenue impact for this bill will be determined by the amount of qualified expenditures and contributions made during any given taxable year and the tax liabilities of claimants. The above estimates are based on state tax return data for the current law credits through 1999, and allow for the additional incentive effect due to the recent enactment of similar federal tax credits in H.R. 1836.

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