

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Haynes Analyst: LuAnna Hass Bill Number: SB 1292

Related Bills: See Prior Analysis Telephone: 845-7478 Amended Date: March 18, 2002

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies Report To Legislature Financial Activities For The 1996/97, 1997/98, 1998/99, 2000/01, and 2001/2002 Fiscal Years

- 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 No Position.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED January 17, 2002, STILL APPLIES.
- OTHER - See comments below.

SUMMARY

This bill would require state agencies, boards, commissions, departments, and offices to provide a report regarding financial activities to specific legislative committees for the 1996/97, 1997/98, 1998/99, 2000/01, and 2001/2002 fiscal years and for all subsequent fiscal years.

SUMMARY OF AMENDMENTS

The March 18, 2002, amendments would specify the fiscal years that state agencies would be required to provide a report regarding financial activities as specified under "Summary." The March 18 amendments would require the state agencies, boards, commissions, departments, and offices to submit additional information in their report including:

- the total amounts of actual expenditures against the total amount budgeted by the agency, board, commission, department, or office for expenditure,
- a description of program goals established for each fiscal year, the progress toward those goals, and overall annual program growth, and
- the cost per person or recipient of program benefits and the increase in this cost over the prior year.

The March 18 amendments would specify that the fiscal years to be included in the report due January 15, 2003, would be 1996/97, 1997/98, 1998/99, 2000/01, and 2001/02. For each subsequent fiscal year, the report must be submitted by January 15 of the following calendar year. In addition, the March 18 amendments would remove the urgency measure language.

<p>Board Position:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;"><input type="checkbox"/> S</td> <td style="width: 33%;"><input type="checkbox"/> NA</td> <td style="width: 33%;"><input checked="" type="checkbox"/> NP</td> </tr> <tr> <td><input type="checkbox"/> SA</td> <td><input type="checkbox"/> O</td> <td><input type="checkbox"/> NAR</td> </tr> <tr> <td><input type="checkbox"/> N</td> <td><input type="checkbox"/> OUA</td> <td><input type="checkbox"/> PENDING</td> </tr> </table>	<input type="checkbox"/> S	<input type="checkbox"/> NA	<input checked="" type="checkbox"/> NP	<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR	<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING	<table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Legislative Director</td> <td style="width: 30%;">Date</td> </tr> <tr> <td>Brian Putler</td> <td>04/09/02</td> </tr> </table>	Legislative Director	Date	Brian Putler	04/09/02
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As a result of the March 18 amendments, the department has identified an implementation and policy consideration, and two technical considerations. Except for an updated position, effective/operative date, and fiscal impact, the remainder of the department's analysis of the bill as introduced January 17, 2002, still applies.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2003.

POSITION

No Position.

On March 6, 2002, the Franchise Tax Board voted 2-0 to take no position on this bill, as introduced January 7, 2002.

ANALYSIS

IMPLEMENTATION CONSIDERATION

Implementation of this bill is expected to impact the department. Although a majority of the information requested for the report would be similar in nature to the various financial reports used internally and externally by the department, staff would need to assemble the information and create the report.

TECHNICAL CONSIDERATIONS

Although this bill specifies a series of fiscal years to be included in the report due January 15, 2003, it appears that fiscal year 1999/2000 was not included. If the author would like the state agencies to report information for that particular fiscal year, it appears an amendment would be needed.

Paragraph (7) of subdivision (a) states that the report must identify the cost per person or recipient of program benefits and the increase in this cost over the "prior each year." It is unclear if the intent is for the report information to include the increase in cost over the "prior year" or the increase in cost over "all the prior years." The author may want to specify their preference with an amendment. In addition, the phrase "cost per person or recipient of program benefits" is vague. Since the department administers various tax and non-tax programs, the terms "person" and "recipient" could have many interpretations including, but not limited to, department employees or taxpayers. Therefore, the author may want to clarify "person" and "recipient".

FISCAL IMPACT

Assembling the specific information for the report required in this bill would have an impact on the department. The additional costs have not been determined at this time. If the bill continues to move through the legislative process, costs will be identified and an appropriation will be requested.

ARGUMENTS/POLICY CONSIDERATION

The Governor may require state agencies, officers, or employees to furnish information deemed necessary to prepare the budget. Currently, at the end of a fiscal year and in preparation for the annual budget process, state agencies provide various fiscal information and reports to the Department of Finance (DOF) and the State Controller's Office (SCO), which is then incorporated into the Governor's budget. The Governor submits a budget to the Legislature, which the Legislative Analyst's Office (LAO) analyzes. This bill would require state agencies to create an additional report for specific legislative committees, using information previously submitted to DOF and SCO. Since a majority of the fiscal information requested in this bill is available through either the LAO's office or DOF and SCO, this bill could be interpreted as a duplication of efforts by requiring state agencies to create an additional report in a specific format for submission to legislative committees.

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