

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Oller Analyst: Darrine Distefano Bill Number: SB 1443
Related Bills: See Legislative History Telephone: 845-6458 Introduced Date: 02/14/2002
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies/Reports to the Legislature

SUMMARY

This bill would mandate, for a specified time period, that a state or local agency is not required to prepare or submit a written report required under existing law, except under certain circumstances.

PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to promote an immediate cost savings for state and local agencies. Many of the reports required to be submitted on paper can also be accessed electronically on the web site of the agency that prepared it. This bill will reduce printing and paper costs and increase storage space.

EFFECTIVE/OPERATIVE DATE

This bill contains urgency language and would be effective and operative immediately.

POSITION

Pending.

ANALYSIS

STATE LAW

Under current state law, the Franchise Tax Board (FTB) is required to produce seven legislatively-mandated reports. Some of these reports include annual changes to the Internal Revenue Code, the Taxpayers' Bill of Rights annual report, and the enterprise zones annual report.

THIS BILL

This bill would no longer require a state or local agency to prepare or submit a written report to the Legislature or Governor until July 1, 2003, unless required under specific circumstances. Those circumstances are as follows:

- The report is required in whole or in part by a court, federal law, or regulation.
- The Budget Act requires the report.
- The Legislature expressly states that a written report will be prepared and submitted.
- The report is necessary to prepare or to implement the Budget Act as determined by the Department of Finance.

Board Position:

____ S ____ NA ____ NP
____ SA ____ O ____ NAR
____ N ____ OUA ____ X PENDING

Department Director

Date

Alan Hunter for GHG

04/12/02

This bill would become inoperative on July 1, 2003, and repealed as of January 1, 2004.

This bill also provides in off-code language that any required report or study is to be prepared or submitted electronically. Any law that requires a report to be submitted in writing would become inoperative until the provisions of this bill become inoperative. If a Legislator requests a printed report from a state or local agency, he or she must reimburse the agency for the printing cost from his or her own budget.

IMPLEMENTATION CONSIDERATIONS

One exception in the bill specifies that if the Department of Finance (DOF) determines that the report is necessary either for preparation or implementation of the Budget Act, then the report would still be required. If there is a question whether a particular report will be necessary under this exception, an agency or department might be required to continue to gather the necessary information pending a DOF determination. If it is later determined the report is not necessary, the author's intent of reducing agency and departmental costs may not be fully realized.

It is expected that FTB would continue the data collection, research, and documentation necessary for its reports because other state agencies and the Legislature continue to request the information. For example, FTB annually reports the changes made by Congress to the Internal Revenue Code. This report provides the information needed in considering whether state law should be conformed to the federal changes. Under this bill, the report will not be published. However, the data would still be developed and would be available. Therefore, implementing this bill would not significantly impact the FTB's programs and operations.

TECHNICAL CONSIDERATIONS

The author's intent is to reduce the number of paper reports and studies sent to the Legislature and Governor. Therefore, the author may wish to clarify the conflicting provisions in the bill. The language in Section 1 states that any report or study must be submitted electronically and cannot be submitted in writing. However, in Section 2, the language would eliminate this requirement, essentially requiring reports to once again be submitted in writing, after July 1, 2003. These sections seem to be inconsistent and would not meet the author's intent for paper reduction.

Also the bill uses similar terms but uses each in a different capacity. It appears that in Section 1, the bill uses the term "report be submitted in writing" to mean a paper report and in Section 2 the term "written report" appears to mean all reports. To avoid confusion, the author may wish to use one of these terms for consistency and clarity.

LEGISLATIVE HISTORY

AB 116 (Spier, Ch. 970, Stat. 1996) required with certain exceptions that no state or local agency prepare or submit any written report to the Legislature or the Governor until October 1, 1999. This law sunset on January 1, 2000.

OTHER STATES' INFORMATION

Minnesota requires state agencies to produce reports, publications, and periodicals that can be recycled within the state resource recovery program.

Missouri has a Committee on Legislative Research that investigates and assesses state agencies' performance. The committee reports their findings to the Legislature. These reports are available either in print or through the Internet.

New York requires reports to be submitted in printed form to the Legislature. Departments must send an estimate of the printing required to the Commissioner of General Services.

The laws of these states were reviewed because their tax laws are similar to California's income tax laws.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would not impact the state's income tax revenue.

LEGISLATIVE STAFF CONTACT

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