

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Ackerman Analyst: Roger Lackey Bill Number: SB 324

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 04-02-01

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Mergers and Acquisitions

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 INTRODUCED February 20, 2001, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would streamline certain corporate mergers by eliminating the redundant requirement that Franchise Tax Board (FTB) certify that the franchise and income tax obligations of a disappearing entity have been satisfied. Existing law requires a surviving corporation to assume the tax liabilities, including preparing and filing tax and information returns, of a disappearing corporation.

SUMMARY OF AMENDMENT

The April 2, 2001, amendment deleted the term "domestic" from the phrase a "surviving domestic corporation." This amendment clarified that the surviving corporation in the merger may be either a foreign corporation qualified to do business or a domestic corporation. The amendment allowed the bill to be consistent with the department's intent.

Except for the discussion above, the department's analysis of the bill as introduced February 20, 2001, still applies.

POSITION

Support.

At its December 18, 2000, meeting, the FTB voted 2-0 to sponsor the language introduced in this legislation.

Board Position:

<input checked="" type="checkbox"/> S	<input type="checkbox"/> NA	<input 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

Legislative Director

Date

Brian Putler

05/17/01

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