

# SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: McClintock Analyst: Darrine Distefano Bill Number: SB 48

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: 01-22-2002

Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Renter's Credit/Adjust Credit Amount For Inflation For Taxable Years On or After January 1, 2004

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

March 15, 2001 STILL APPLIES.

OTHER - See comments below.

## SUMMARY

This bill would annually adjust the existing renter's credit amounts for inflation, beginning in 2004.

This analysis will not address the bill's provision regarding the property tax exemption, as it does not impact the department's programs or operations. However, this provision was considered in assessing the revenue impact of the bill.

## SUMMARY OF AMENDMENTS

The January 22, 2002, amendments deleted the provision that would have substantially increased the renter's credit amounts and added the provision discussed in this analysis.

Except for the change to the revenue impact, and the new technical concern, the remainder of the department's analysis of the bill as amended March 5, 2001, still applies.

## POSITION

Pending.

Board Position:

\_\_\_\_\_ S      \_\_\_\_\_ NA      \_\_\_\_\_ NP  
\_\_\_\_\_ SA      \_\_\_\_\_ O      \_\_\_\_\_ NAR  
\_\_\_\_\_ N      \_\_\_\_\_ OUA       PENDING

Legislative Director

Date

Brian Putler

1/29/02

## TECHNICAL CONSIDERATIONS

The word "amount" on page 6, line 26, should be "amounts."

## ECONOMIC IMPACT

### Revenue Estimate

This bill is estimated to impact Personal Income Tax revenue as shown in the following table.

SB 48, As Amended January 22, 2002 Fiscal Year Cash Flow Tax Years Beginning After December 31, 2003 Enactment Assumed After June 30, 2002 \$ Millions			
	2003-04	2004-05	2005-06
Renter's Credit	Minor*	-\$2.4	-\$5.3
Homeowner Exemption**	\$0	\$0.3	\$0.9
Total Impact	Minor*	-\$2.1	-\$4.4

\* Less than \$500,000.

\*\* Reflects additional state income taxes paid by taxpayers who claim an itemized deduction for home property taxes.

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

This analysis applies the following projected changes in the Consumer Price Index: 2.5% for 2004, 2.7% for 2005, 2.9% for 2006 and 3% for 2007.

### Revenue Discussion

For the first taxable year (2004), it is projected that one million renters will benefit from a slightly larger renters' credit.

## LEGISLATIVE STAFF CONTACT

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