

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: AR&T Committee Analyst: LuAnna Hass Bill Number: AB 1742

Related Bills: See Prior Analysis Telephone: 845-7478 Amended Date: July 2, 2003

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Golden State Scholarshare Trust Technical/Erroneous Refund Interest/Clarify Authority To Use New-Hire Registry Information/ Minimum Franchise Tax/15-Day Disregard Rule

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 See Below.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED May 19, 2003, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill contains Franchise Tax Board (FTB) sponsored proposals that would:

- renumber the tax law code section for the Golden State Scholarshare Trust,
- simplify the computation of interest on erroneous refunds, and
- clarify FTB's authority to use the information contained in the new-hire and contractor registries maintained by the Employment Development Department (EDD) when collecting on Non-Tax Debt Programs (NTD) administered by FTB.

In addition, this bill contains provisions that would:

- clarify that a corporation's period of inactivity of 15 days or less between the date of incorporation and the beginning of its next annual accounting period would be disregarded as a taxable year, and
- allow interest abatement on high-dollar erroneous refunds that are repaid in 30 days.

SUMMARY OF AMENDMENT

The July 2, 2003, amendments would eliminate the \$50,000 threshold that prevents interest from being abated if erroneous refunds in excess of that amount are repaid within 30 days. This amendment would not significantly impact FTB's programs or operations and will not affect state tax revenue.

The remainder of the department's analysis of the bill as amended May 19, 2003, still applies.

Board Position:

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_____ SA _____ O _____ NAR
_____ N _____ OUA _____ PENDING

Legislative Director

Date

Jana Howard for Brian Putler 7/3/03

POSITION

Support.

On November 26, 2002, the Franchise Tax Board voted to sponsor the language included in this bill relating to:

- renumbering the tax law code section for the Golden State Scholarshare Trust,
- simplifying the computation of interest on erroneous refunds, and
- clarifying FTB's authority to use the information contained in the new-hire and contractor registries maintained by EDD when collecting on NTD Programs administered by FTB.

Pending position for the provisions that would:

- clarify that a corporation's period of inactivity of 15 days or less between the date of incorporation and the beginning of its next annual accounting period would be disregarded as a taxable year, and
- allow interest abatement on high-dollar erroneous refunds that are repaid in 30 days.

LEGISLATIVE STAFF CONTACT

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