

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Leno & Nunez Analyst: Rachel Coco Bill Number: AB 2813

Related Bills: See Prior Analysis Telephone: 845-4328 Amended Date: July 27, 2004

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Employers Notify Employees Of Federal Earned Income Credit/Earned Income Tax Credit Information Act

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, 2004, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would require employers to notify their employees about the Federal Earned Income Tax Credit (EITC).

SUMMARY OF AMENDMENTS

The July 27, 2004, amendments removed the requirement to notify eligible employees about how to receive advance payments of the EITC. The amendments also removed EITC notification requirements related to an employee's gross wages. In addition, the amendments added language regarding the Welfare and Institutions Code and the Department of Social Services. As a result of the amendments, the "This Bill" portion of the analysis of the bill as introduced February 20, 2004, has been revised. The policy concern remains and has been included below for convenience. The remainder of the department's analysis as introduced February 20, 2004, still applies.

POSITION

No Position.

Board Position:

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

Legislative Director

Date

Brian Putler

8/5/04

THIS BILL

This bill would require every California employer that provides unemployment insurance to employees to notify the employees of their possible eligibility for the federal EITC.

This bill would require that the employer notify the employee within one week of the distribution of the employee's annual wage summary.

The bill would allow employers to give or mail either any federal notice relating to the availability of EITC or any notice created by the employer that would provide sufficient information to inform the employees of their possible EITC eligibility.

In addition, this bill would require the employer to provide and process Form W-5 for advance payments of the EITC upon the request of an employee.

POLICY CONCERN

While the bill provides that employers shall provide notification of the EITC, it is silent with respect to how employers would be treated should they fail to comply with the provisions.

LEGISLATIVE STAFF CONTACT

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