

# SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Nakano Analyst: Darrine Distefano Bill Number: AB 2926

Related Bills: See Prior Analysis Telephone: 845-6458 Amended Date: April 27 & May 6, 2004

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

**SUBJECT:** Employer Hiring Credit/Wages Paid To Enterprise Zone, LAMBRA, & TTA Employees/Certification May Be From Enterprise Zone & LAMBRA Vouchering Coordinator or Targeted Tax Area Coordinator

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 add the local jurisdiction-vouchering agent to the list of eligible vouchering agents that can issue an employee certificate for the hiring credit in economic development areas (EDAs).

## SUMMARY OF AMENDMENTS

The April 27 and May 6, 2004, amendments made the following changes:

- Deletes the term "any" from the list of eligible vouchering agents from which an employer may obtain employee certification.
- Allows an employee certificate to be issued by a vouchering agent designated by the local jurisdiction where the employee works.
- Deletes the prior language that would have disallowed the hiring credit for wages paid after a qualified taxpayer had received notice that the certification of a qualified employee had been revoked or if the state determined the certification was issued in error. This prior language also would have changed present law to allow employers to retain credits claimed with respect to wages paid to employees for whom the employers improperly received certification.
- Deletes the requirement that the state determine if the employee certificate is valid. If the certificate was found to be issued inappropriately or fraudulently, the qualified taxpayer would not be allowed a credit for that employee.

Board Position:

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_____ N	_____ OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

5/17/04

- Deletes the provision that assumed the certificate was valid until the state provides evidence to the contrary.

The April 27<sup>th</sup> and May 6<sup>th</sup> amendments resolved the department's implementation and policy concerns identified in the February 20, 2004, analysis. As a result of the amendments, a revised revenue estimate is provided. The remainder of the department's analysis of the bill as introduced February 20<sup>th</sup> still applies.

## **POSITION**

Pending.

## **IMPLEMENTATION CONSIDERATIONS**

Implementing this bill would not significantly impact the department's programs and operations.

## **ECONOMIC IMPACT**

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

## **LEGISLATIVE STAFF CONTACT**

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