

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Correa Analyst: John Pavalasky Bill Number: AB 382

Related Bills: See Prior Analysis Telephone: 845-4335 Amended Date: June 16, 2004

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Exemption/Interest On Bonds Issued By Federally Recognized Indian Tribal Government Located In This State

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 September 4, 2003, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill expands the list of bonds that are treated as California tax-exempt to include, in conformity with federal income tax laws, certain bonds issued by Indian tribal governments located in California.

SUMMARY OF AMENDMENTS

The June 16, 2004, amendments would strike-out provisions relating to off-reservation environmental impacts in the Public Resources Code and the requirement limiting the tax-exemption to tribal governments that adopt an environmental ordinance and would also make this bill a tax levy.

The provisions relating to the Public Resources Code are not administered by the Franchise Tax Board and are not discussed in this analysis.

Except for the EFFECTIVE/OPERATIVE DATE the revised analysis of the bill as amended September 4, 2003, still applies. However, as amended June 16, 2004, the tribe is no longer required to adopt an environmental ordinance that would require consultation with local governments impacted by the project being financed with the bond proceeds.

The revenue estimate in the revised analysis of the bill as amended September 4, 2003, has not changed but is restated for convenience.

Board Position:	Legislative Director	Date
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<input checked="" type="checkbox"/> PENDING	Brian Putler	6/22/04

EFFECTIVE/OPERATIVE DATE

As amended June 16, 2004, as a tax levy this bill would be effective immediately and apply to taxable years beginning on or after January 1, 2004.

POSITION

Pending.

ECONOMIC IMPACT

Revenue Estimate

This bill would not impact the collection of state income tax revenue. Under current law, federally recognized Indian tribal governments in this state can effectively get tax-exempt bond financing by way of tax-exempt "conduit revenue bonds." So-called conduit bonds are issued by a public entity, such as the California Statewide Communities Development Authority, and the proceeds are lent to the tribe for public benefit projects. The statewide development authority created new policies in 2002 for gaming businesses and tribes looking for tax-exempt bond financing. Approximately 100 federally recognized Indian tribal governments currently exist in California.

LEGISLATIVE STAFF CONTACT

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