

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: August 12, 2004

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Exemption/Interest On Bonds Issued By Federally Recognized Indian Tribal Government Located In This State If Specific Requirements Are Met

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended July 21, 2004.
- 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 July 21, 2004, STILL APPLIES.
- OTHER - See comments below.

SUMMARY

This bill would expand 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 if specific requirements are met.

SUMMARY OF AMENDMENTS

The August 10, 2004, amendments made the technical amendments suggested in the previous analysis of the bill as amended July 21, 2004. The August 12, 2004, amendments made the following changes:

- Requires the tribe to make a good faith effort to incorporate the policies and purposes contained in the California Environmental Quality Act in fashioning the environmental protection ordinance.
- Strikes-out the "directly caused" restriction on the discussions between the tribe and the local government to mitigate off-reservation environmental impacts.

The analysis of the bill as amended July 21, 2004, still applies. The revenue estimate in the analysis of the bill as amended July 21, 2004, has not changed but is restated for convenience.

POSITION

Pending.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
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<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING	Brian Putler	8/23/04

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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