

# ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: J. Horton Analyst: Jane Tolman Bill Number: AB 986

Related Bills: None Telephone: 845-6111 Amended Date: July 21, 2003

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

**SUBJECT:** Legislative Analyst Study/Consolidation Of State Agency Functions

## SUMMARY

This bill would require the Legislative Analyst to report to the Legislature regarding the merits of consolidating specific functions and operations of the Franchise Tax Board (FTB), the State Board of Equalization (BOE), and the Employment Development Department (EDD).

## SUMMARY OF AMENDMENTS

The July 21, 2003, amendment would require FTB, BOE, and EDD to provide the Legislative Analyst data and information necessary for completing the report and would assist the Legislative Analyst in preparing the report.

This is the department's first analysis of this bill.

## PURPOSE OF THE BILL

According to the author's office, the purpose of this bill is to study the feasibility of consolidating certain common functions of the FTB, BOE, and EDD to provide the Legislature with one report.

## EFFECTIVE/OPERATIVE DATE

This bill would become effective and operative on or after January 1, 2004.

## POSITION

Pending.

## ANALYSIS

### STATE LAW

FTB is responsible for administering the personal and corporate income tax laws, and other programs entrusted to it. In an effort to ensure the effective administration of these programs, the department has implemented systems to process returns, income tax payments, and refunds.

FTB is required to produce numerous reports to the Legislature and others concerning the administration and effectiveness of its programs. Some of these reports include annual changes to the Internal Revenue Code, the Taxpayer's Bill of Rights annual report, and the enterprise zones annual report. As a result, the department regularly compiles data and maintains statistics for these various reports.

Board Position:

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

Department Director

Date

Gerald H. Goldberg

8/26/03

### THIS BILL

This bill would require the Legislative Analyst to report to the Legislature regarding the possible consolidation of the remittance, cashiering, and mail processing functions of FTB, BOE, and EDD.

This bill would require FTB, BOE, and EDD to assist the Legislative Analyst by providing information necessary for the Legislative Analyst to complete the report. The information provided would include, but not be limited to, an evaluation of the short-term and long-term fiscal and budgetary advantages and disadvantages that would result from the consolidation described above.

### IMPLEMENTATION CONSIDERATIONS

The extent of FTB's participation in implementing this bill would depend on the information the Legislative Analyst identified as necessary to prepare the report. However, the department anticipates using existing resources to assemble the information requested and to assist in preparing the report.

### **OTHER STATES' INFORMATION**

This bill would require FTB staff to provide information to LAO. Accordingly, a comparison with other states on this provision is not applicable.

### **FISCAL IMPACT**

This bill would not significantly impact the department's costs.

### **ECONOMIC IMPACT**

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

### **LEGISLATIVE STAFF CONTACT**

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