

ANALYSIS OF ORIGINAL BILL

Franchise Tax Board

Author: Dutra Analyst: Darrine Distefano Bill Number: AB 79

Related Bills: See Legislative History Telephone: 845-6458 Introduced Date: 12-23-2002

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies/Reports to the Legislature

SUMMARY

This bill would limit the number of reports made to the Legislature or Governor by state and local agencies.

PURPOSE OF THE BILL

According to the author's staff, the purpose of this bill is to promote an immediate cost savings for state and local agencies by eliminating non-essential reports sent to the Legislature or Governor.

EFFECTIVE/OPERATIVE DATE

This bill is an urgency measure. It would be effective and operative immediately upon enactment.

POSITION

Pending.

ANALYSIS

STATE LAW

Under current state law, the Franchise Tax Board (FTB) is required to produce the following five legislatively mandated reports on an annual basis:

- ❖ Summary of Federal Income Tax Changes,
- ❖ Annual Taxpayers' Bill of Rights Report,
- ❖ Audit and Collections Activities,
- ❖ Audit Protest Cases, and
- ❖ Enterprise Zones.

Board Position:

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

Department Director

Date
01/20/03

THIS BILL

This bill would no longer require a state or local agency to prepare or submit a written report to the Legislature or Governor, unless required under specific circumstances. Those circumstances are as follows:

- The report is required in whole or in part by a court, federal law, or regulation.
- The annual Budget Act requires the report.
- The Legislature expressly states that a written report will be prepared and submitted.
- The report is necessary to prepare or to implement the Budget Act as determined by the Department of Finance (DOF).

This bill would be repealed as of January 1, 2008.

IMPLEMENTATION CONSIDERATIONS

The bill is not clear if the exception for reports expressly required by the Legislature includes all reports that are mandated by law. If so, an agency would still be required to prepare such reports; therefore the author's intent of reducing agency and departmental costs may not be fully realized.

Although this bill would limit preparation or submission of reports to specific circumstances, it is expected that FTB would continue the data collection, research, and documentation necessary for its programs and for other state agencies that would continue to request the information. For example, FTB is required annually to report the changes made by Congress to the Internal Revenue Code. This report provides the information needed to consider whether state law should be conformed to the federal changes. This bill may supersede the present requirement that this report be published. However, it would still be necessary for this data to be developed and would be available to the Legislature. Therefore, implementing this bill would not significantly impact FTB's programs and operations.

LEGISLATIVE HISTORY

SB 1443 (Oller, 2001/2002) was similar to the provisions of this bill. This bill was held in the Committee of Governmental Organization.

AB 116 (Speier, Stat. 1996, Ch. 970) required with certain exceptions that no state or local agency prepare or submit any written report to the Legislature or the Governor until October 1, 1999. This law was automatically repealed effective beginning January 1, 2000.

OTHER STATES' INFORMATION

Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York laws require most state agencies to submit reports in printed form to the Legislature. Information was not readily available on reporting requirements in these states.

The laws of these states were reviewed because their tax laws are similar to California's income tax laws.

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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