

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Leslie, et al. Analyst: Raul Guzman Bill Number: AB 1847  
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: May 17, 2006  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Conformity To Credit For Disabled Access Expenditures

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 DEPARTMENTS 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/AMENDED \_\_\_\_\_ STILL APPLIES.

OTHER – See comments below.

**SUMMARY**

This bill would modify the existing credit for disabled access expenditures.

**SUMMARY OF AMENDMENTS**

The May 17, 2006, amendments changed the allowable percentage for the credit from 20% to 25% for eligible expenses that exceed \$250.

As a result of these amendments, the “This Bill” and “Technical Considerations” portions of the analysis of the bill as amended April 17, 2006, have been revised. In addition, a new revenue estimate is provided. The remainder of the analysis of the bill as amended March 16, 2006, and May 9, 2006, still applies.

**THIS BILL**

The amended bill would provide a 25% credit for qualified expenses in excess of \$250, but not more than \$10,250.

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This bill would require taxpayers to make two computations to arrive at the allowable credit amount. The Disabled Access Expenditure credit amount for the taxable year would be computed as follows:

1. Fifty percent (50%) of the eligible access expenditures that do not exceed \$250.
2. Twenty-five percent (25%) of the eligible access expenditures in excess of \$250 that do not exceed \$10,250.

This bill would allow a maximum disabled access expenditures credit of \$2,625 [(\$250 x 50%) + (\$10,000 x 25%)].

This bill would define “qualified small business” as a business that pays or incurs costs for eligible access expenditures to provide access to disabled individuals for a facility located in California.

This bill would provide that costs paid by the taxpayer would not include any governmental grant or subsidy received by the taxpayer that is used for eligible access expenditures to provide access to disabled individuals.

This bill would repeal the new provisions on January 1, 2012. It would also enact provisions consistent with existing law that would become operative as of that date.

#### TECHNICAL CONSIDERATIONS

The bill contains a definition for the term “qualified small business;” however, the term is not used in the bill. The term “eligible small business” is used and defined in Section 44. If the author intends to use the same term as IRC Section 44, the bill should be accordingly amended.

#### ECONOMIC IMPACT

##### **Revenue Estimate:**

Based on data and assumptions discussed below, the PIT and Corporation Tax revenue gain/loss from this bill would be as follows:

Estimated Impact of AB 1847 on California Applicable for tax years beginning on or after 1/1/06 (\$ in Millions)			
Fiscal Year	2006-07	2007-08	2008-09
Revenue Loss	-\$2.5	-\$2.5	-\$2.5

This analysis does not consider any possible changes in employment, personal income, or gross state product that could result from this bill.

**Revenue Discussion:**

The amendments increase the maximum disabled access expenditures credit to \$2,625. This equates to an average incremental increase of \$500, roughly 125% of the maximum credit amount figured in the prior estimate (\$2,125). As such, the revised revenue estimate is a loss of \$2.5 million annually (\$2 million x 1.25).

**LEGISLATIVE STAFF CONTACT**

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