

SUMMARY ANALYSIS OF AMENDED BILL

Author: Dymally Analyst: Raul Guzman Bill Number: AB 1887
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: April 20, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Digital Arts Studio Partnership Demonstration Program Credit

- 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 allow a credit to corporate taxpayers for support of digital media arts.

SUMMARY OF AMENDMENTS

The April 20, 2006, amendments added language that would clarify how the credit would be allowed to an S corporation and also clarified one implementation concern and two technical considerations.

When the bill was amended on March 23, 2006, it did not specify how the credit would be allowed in the case of an S corporation or if the credit could be passed through to the shareholders of an S corporation.

As a result of the April 20, 2006, amendments, the S corporation information will be added to the "This Bill" portion of the analysis. The department's "Technical Consideration" regarding S corporations and the credit allocation and pass through is no longer a concern.

Board Position:	Legislative Director	Date
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As a result of the amendments, the department's "Implementation Concern" and two of the "Technical Considerations" have been addressed. The remaining "Technical Consideration" is repeated below for convenience. The remainder of the analysis of the bill as amended March 23, 2006, still applies.

THIS BILL

This bill would reduce the credit allowed to an S corporation to one-third (1/3) of the total amount, consistent with existing law applicable to S corporations claiming tax credits, and would further provide that no credit may be passed through to the shareholders of any S corporation, which is generally inconsistent with existing law applicable to S corporation shareholders claiming tax credits.

TECHNICAL CONSIDERATIONS

This bill states that it would only be operative if AB 252 becomes operative. AB 252, as currently drafted, would not establish the Digital Arts Studio Partnership Demonstration Program. AB 252 proposes to amend Section 8778 of the Government Code; this section was repealed on January 1, 2006. Consequently, AB 252 as currently drafted is legally defective.

LEGISLATIVE STAFF CONTACT

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