

SUMMARY ANALYSIS OF AMENDED BILL

Author: DeVore Analyst: Raul Guzman Bill Number: AB 1914
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: April 19, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Allow Taxpayers That Receive Capital Gains From Mutual Funds To Use Form 540 2EZ

- 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 require the Franchise Tax Board to make additional types of income reportable on Form 540 2EZ.

SUMMARY OF AMENDMENTS

The April 19, 2006, amendment would repeal, as of January 1, 2010, the expanded definition of “total income” that includes capital gains distributed from mutual funds and revert back to the definition of “total income” that exists under current law.

As a result of the amendment, the “This Bill” portion of the analysis, as amended March 30, 2006, has been revised. The remainder of the analysis of the bill as amended March 30, 2006, still applies.

THIS BILL

For purposes of using Form 540 2EZ, this bill would amend the term “total income” to add capital gains distributed from mutual funds along with the existing taxable wages, dividends, interest, and

Board Position:	Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
<input type="checkbox"/> O		
<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING	Brian Putler	6/9/06

pension income. As a result, this bill would require the department to permit taxpayers, who have capital gains distributed from mutual funds and who meet other existing filing requirements, to use Form 540 2EZ.

This bill would limit the capital gains that can be reported on Form 540 2EZ to only those distributed from mutual funds when the reportable amounts are the same for state and federal purposes.

In addition, this bill would for, taxable years beginning on and after January 1, 2010, eliminate capital gains distributed from mutual funds from the definition of "total income." As a result, "total income" would mean taxable wages, dividends, interest, and pension income.

LEGISLATIVE STAFF CONTACT

Raul Guzman
Franchise Tax Board
(916) 845-4624
raul.guzman@ftb.ca.gov

Brian Putler
Franchise Tax Board
(916) 845-6333
brian.putler@ftb.ca.gov