

**Franchise Tax Board**

**ANALYSIS OF ORIGINAL BILL**

Author: Klehs Analyst: Deborah Barrett Bill Number: AB 2404

Related Bills: See Legislative History Telephone: 845-4301 Introduced Date: February 23, 2006

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

**SUBJECT:** State Agency Reports Required To Be Submitted To The Legislature To Be Signed By Head Of Agency

**SUMMARY**

This bill requires the head of certain public agencies to certify in a signed statement under penalty of perjury that the information in legislatively mandated reports is true, accurate, and complete to the best of his or her knowledge.

This bill contains similar provisions for local agencies submitting reports to the Controller, which are not applicable to the department's programs or operations and are not discussed in this analysis.

**PURPOSE OF THE BILL**

According to the author's staff, the purpose of this bill is to hold certain California government officials accountable for the accuracy of the information they provide to the Legislature.

**EFFECTIVE/OPERATIVE DATE**

This bill would become effective on January 1, 2007, and become operative with respect to any reports due on or after that date.

**POSITION**

Pending.

**ANALYSIS**

STATE LAW

Under current state law, the department is required to produce the following six legislatively mandated reports on an annual basis:

- Summary of Federal Income Tax Changes (submitted to the Legislature),
- Annual Taxpayers' Bill of Rights Report (submitted to the Legislature),
- Audit and Collections Activities (submitted to the Legislative Analyst's Office (LAO) and the Legislature),
- Audit Protest Cases (submitted to LAO, the Legislature, and Department of Finance),

Board Position:	Department Director	Date
_____ S      _____ NA      _____ NP		
_____ SA      _____ O      _____ NAR	S. Stanislaus	4/11/06
_____ N      _____ OUA <u>  X  </u> PENDING		

- Disabled Veterans Business Enterprise Statistics (submitted to the Governor, the Legislature, the Department of General Services, and the Department of Veterans Affairs), and
- Enterprise Zones (submitted to the Legislature and the Department of Housing and Community Development).

Under current state law, the department is required to provide the following three reports as specified:

- Independent Contractor Withholding Report (submitted to the Legislature),
- Integrated Tax System Report (submitted to the Legislature), and
- Request for Innocent Spouse Relief Report (first report due January 01, 2008, to be submitted to the Legislature).

Additionally, under current state law, if a statute is enacted that establishes a new program or requires the issuance of a regulation, the state agency responsible for the new program or regulation must provide a report within six months of the operative date of the statute. The report will provide a summary of the actions taken by the state agency to implement the statute. The report is provided to the author of the legislation, the policy and fiscal committees of each house of the legislature, and the Joint Legislative Budget Committee.

The three-member Franchise Tax Board (FTB) is comprised of the California State Controller, the Director of Finance, and the Chair of the State Board of Equalization. The Executive Officer of the department has the responsibility of overseeing the department's programs and operations in accordance with the FTB's direction. The Executive Officer is appointed by the FTB.

### THIS BILL

This bill would require the head of any state agency, commission, or chair of a board that is required to submit a written report to the Legislature to sign a statement, under penalty of perjury, that to the best of his or her knowledge the information in the report is accurate, true, and correct. This bill specifies that the executive officer of FTB will be required to sign this statement on behalf of the three-member board. The bill provides that these requirements would only apply to those individuals appointed by the Governor and confirmed by the Senate and is not to be construed to apply to any elected official of the state or any official whose duties are prescribed by the California Constitution. Additionally, this bill would provide that any person who signs a statement declaring information in a report to be true but knows the information to be false would be guilty of a misdemeanor punishable by a fine not to exceed five thousand dollars (\$5,000) or imprisonment in a county jail not exceeding six months or both.

### IMPLEMENTATION CONSIDERATIONS

Implementation of this bill would not significantly impact the department's operations or programs.

### **LEGISLATIVE HISTORY**

AB 1625 (Klehs 2005/2006) contained similar provisions to this bill, but did not include provisions for local agencies. AB 1625 was vetoed by the Governor. In his veto message, the Governor

stated, "Law already protects against falsified reports to the Legislature... . I would consider similar legislation that applies to all written materials used in the course of legislative deliberations that applies to any official of the State, elected or appointed by the Governor, the Legislature, or any other constitutional office."

### **FISCAL IMPACT**

This bill would not significantly impact the department's operations or programs.

### **ECONOMIC IMPACT**

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

### **LEGISLATIVE STAFF CONTACT**

Deborah Barrett  
Franchise Tax Board  
845-4301  
[Deborah.Barrett@ftb.ca.gov](mailto:Deborah.Barrett@ftb.ca.gov)

Brian Putler  
Franchise Tax Board  
845-6333  
[brian.putler@ftb.ca.gov](mailto:brian.putler@ftb.ca.gov)