

SUMMARY ANALYSIS OF AMENDED BILLAuthor: Harman Analyst: Norman Catelli Bill Number: AB 241Related Bills: See Prior Analysis Telephone: 845-5117 Amended Date: June 20, 2005Attorney: Patrick Kusiak Sponsor: _____**SUBJECT:** Corporations & Other Business Entity Mergers/Certificate of Satisfaction

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended March 30, 2005.
- 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 AMENDED March 30, 2005, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would streamline certain business entity mergers by eliminating the requirement that Franchise Tax Board (FTB) certify that the franchise and income tax obligations of a disappearing entity have been satisfied.

SUMMARY OF AMENDMENTS

The June 20, 2005, amendments clarified that a surviving entity would be deemed to have assumed the tax liability of the disappearing entity in a merger and would be responsible for filing any tax returns required of the disappearing entity.

Except for the items below, the remainder of the department's analysis of the bill as amended March 30, 2005, still applies.

These amendments resolved all of FTB's "Implementation Considerations" and most of the "Technical Considerations" identified in the department's analysis of the bill as amended March 30, 2005. The remaining technical consideration is repeated below, for convenience.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input checked="" type="checkbox"/> N	<input type="checkbox"/> OUA	<input type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

7/7/2005

POSITION

Neutral.

On June 15, 2005, the Franchise Tax Board voted 2-0 to take a neutral position on this bill, as amended March 30, 2005.

ANALYSIS

TECHNICAL CONSIDERATION

The Corporations Code (Section 1113 (g) (1)) would still require that a certificate of satisfaction from FTB be issued before the filing of a merger certificate could be accepted. This code section needs to be amended to remove this requirement if the objectives of this bill are to be accomplished.

LEGISLATIVE STAFF CONTACT

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