

SUMMARY ANALYSIS OF AMENDED BILL

Author: Harman Analyst: Raul Guzman Bill Number: AB 2680
 Related Bills: See Prior Analysis Telephone: 845-4624 Amended Date: May 17, 2006
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Disallowance Of Deduction For Wages Paid To Or On Behalf Of An Unauthorized Alien

- 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 February 24, 2006.
- 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 disallow business deductions for wages paid to an unauthorized alien.

SUMMARY OF AMENDMENTS

The May 17, 2006, amendments made technical changes that were recommended in the Franchise Tax Board’s February 24, 2006, analysis.

As a result of the May 17, 2006, amendments, the department’s prior “Technical Considerations” were resolved. A new “Technical Consideration” has been identified. The “This Bill” portion of the analysis is repeated for convenience. The remainder of the analysis of the bill as introduced February 24, 2006, still applies.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	5/24/06
<input type="checkbox"/> NA		
<input type="checkbox"/> SA		
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<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

THIS BILL

This bill would disallow business expense deductions for any wages paid to or on behalf of an unauthorized alien.

This bill would define the following terms:

- “Unauthorized alien” means, by reference to federal law, an alien that is not at the time of employment either:
 1. an alien lawfully admitted for permanent residence, or
 2. authorized to be employed by the Attorney General.
- “Wages” means all remuneration for employment, including the cash value of all remuneration and benefits paid in any medium other than cash.

This bill would allow business expense deductions for any wages paid to, or on behalf of, an unauthorized alien if the person or entity is participating in the basic pilot program described in Section 403 of the Illegal Immigration Reform Act of 1996.

This bill would disallow, under the Personal Income Tax Law (PITL) and the Corporation Tax law (CTL), the business expense deduction for wages paid to or on behalf of an unauthorized alien.

TECHNICAL CONSIDERATIONS

The reference on Page 2, Lines 14 and 32 should be revised to read: “8 U.S.C. sec. 1324a note.”

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