

SUMMARY ANALYSIS OF AMENDED BILL

Author: Benoit Analyst: Anne Mazur Bill Number: AB 2962
 Related Bills: See Prior Analysis Telephone: 845-5404 Amended Date: May 26, 2006
 Attorney: Patrick Kusiak Sponsor: Franchise Tax Board

SUBJECT: Withholding on California Real Estate Limited to Gain on Sale

- 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 AMENDED
- March 30, 2006 STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would allow sellers of California real estate to choose between rates of withholding.

SUMMARY OF AMENDMENTS

The May 26, 2006, amendments add a provision to clarify the maximum personal income tax withholding rate applicable to a gain on the sale of California real estate as the rate specified in the Revenue and Taxation Code section¹ that describes the tax rate for individuals. Presently, the maximum rate under this section is 9.3%.

This amendment resolves the ambiguity regarding the maximum personal income tax withholding rate described in the “Implementation Considerations” section of the department’s analysis of the bill as amended March 30, 2006. In all other respects, the analysis of the bill as amended March 30, 2006, still applies.

¹ Revenue and Taxation Code Section 17041.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	6/5/06
<input type="checkbox"/> NA		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NP		
<input type="checkbox"/> O		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

POSITION

Support. On December 1, 2004, the Franchise Tax Board voted 2-0, with the Director of Finance abstaining, to sponsor the language included in this bill.

LEGISLATIVE STAFF CONTACT

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