Franchise Tax Board

SUMMARY ANALYSIS OF AMENDED BILL

Author: Baca | Analyst: Nicole Kwon | Bill Number: AB 475

Related Bills: See Prior Analysis | Telephone: 845-7800 | Amended Date: July 14, 2005

Attorney: Patrick Kusiak | Sponsor: ____

SUBJECT: Local Agency Military Base Recovery Area (LAMBRA)/Extend Initial Designation Period To 14 Years If Specified Conditions Apply

_____ 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 ____________________.

__X__ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED June 27, 2005, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would extend the initial designation period of Local Agency Military Base Recovery Areas (LAMBRAs) under specified circumstances.

SUMMARY OF AMENDMENTS

The July 14, 2005, amendments made the provisions to extend the initial designation period from eight years to 14 years, beginning January 1, 2005, if a specified condition applies. The previous revenue estimate still applies and is included below for convenience. The remainder of the department's analysis of the bill as amended June 27, 2005, still applies.

POSITION

Pending.

Board Position:			Legislative Director	Date
_______ S	_______ NA	_______ NP		
_______ SA	_______ O	_______ NAR	Brian Putler	07/29/2005
_______ N	_______ OUA	___X__ PENDING		

ECONOMIC IMPACT

Revenue Estimate

Based on data and assumptions discussed below, the personal income tax and corporation tax revenue loss from this bill would be as follows:

Estimated Revenue Impact of AB 475 Amended July 14, 2005 Effective for taxable year beginning January 1, 2005 Enactment Assumed After June 30,2005 ($ Millions)		
2005-06	2006-07	2007-08
n/a	b/	c/

b/ Loss of less than $250,000
c/ Loss of less than $500,000

This bill does not consider the possible changes in employment, personal income, or gross state product that could result from this measure.

Revenue Discussion

The revenue impact of this bill would be dependent on the number of LAMBRAs scheduled to expire during taxable years 2006 through 2009 and that would qualify to operate an additional six years as a LAMBRA.

This bill would extend the expiration of four LAMBRAs. The first LAMBRA to expire, scheduled in 2006, would be extended to 2012.

The total impact of all eight LAMBRAs was less than $2 million in 2003. All scheduled expiration dates were extended and a constant growth rate was applied. Comparing the scheduled expiration dates under this bill and applying an average historical credit usage per zone, the revenue loss is estimated to be insignificant during fiscal year 2006/2007, grow to $1 million through fiscal year 2008/2009, and then slowly decline due to revised scheduled expiration dates.

LEGISLATIVE STAFF CONTACT

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