

REVISED REVENUE ANALYSIS

Author: Chu Analyst: Anne Mazur Bill Number: AB 911
 Related Bills: See Legislative History Telephone: 845-5404 Original Analysis Date: June 20, 2005
 Attorney: Patrick Kusiak Sponsor: Franchise Tax Board

SUBJECT: Amnesty Clean-Up

- REVENUE ESTIMATE CORRECTED.
 FURTHER CONCERNS IDENTIFIED.
 REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED
 June 20, 2005 STILL APPLIES.
 OTHER – See comments below.

SUMMARY OF BILL

This bill would address unintended consequences of the income tax amnesty administered by the department as follows:

1. Allow underpayments for amnesty-eligible years to be offset by overpayments from other years for purposes of computing the amnesty penalty.
2. Establish a 20-year statute of limitations to collect income or franchise tax balances due from taxpayers, and thereafter extinguish the liability to pay such balances by abating the tax.
3. Allow the Franchise Tax Board (FTB) to extinguish certain inactive taxpayer debts.
4. Repeal the provision of law that requires taxpayers that participate in amnesty to pay any tax due for the 2005 and 2006 taxable years to avoid having the benefits of amnesty revoked and the amnesty penalty imposed.
5. Make technical clarifications of certain amnesty provisions.

Each provision of this bill is discussed separately in department's analysis of the bill as amended June 20, 2005.

SUMMARY OF REVISION

The summary of economic impact contained in the department's analysis of the bill as amended June 20, 2005, is being revised to correct an error.

Except for this change, the remainder of the department's analysis of the bill as amended June 20, 2005, still applies.

Board Position:	Legislative Director	Date
<input checked="" type="checkbox"/> S	Brian Putler	7/18/2005
<input type="checkbox"/> NA		
<input type="checkbox"/> SA		
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POSITION

Support. On March 29, 2005, the FTB voted 3-0 to sponsor the provisions of this bill.

SUMMARY OF ECONOMIC IMPACT

Estimated Revenue Impact of AB 911 Assumed Enactment After June 30, 2005 (in millions)			
	2005/2006	2006/2007	2007/2008
Netting Overpayments Against Underpayments For Amnesty Years	- \$5.0	- \$5.0	- \$5.0
20-Year Statute Of Limitations For Collections To Extinguish Uncollectible Debts	- 2.0	- 2.0	- 2.0
Discretion To Extinguish Inactive Taxpayer Debts Based On Specified Criteria	Minor Loss*	Minor Loss*	Minor Loss*
Elimination Of The Amnesty Continuing Compliance Requirement	<i>Minor Loss*</i>	- 5.0	- 5.0
Technical Clarification Of Certain Amnesty Provisions	None	None	None
Total	- \$ 7.0	- \$12.0	- \$12.0

*A minor loss is less than \$500,000.

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

Revenue discussions have not been revised and are included for each provision in the department's analysis of the bill as amended June 20, 2005.

The prior analysis erroneously reflected in this summary an estimated revenue loss of \$5 million for the provision that would eliminate the amnesty continuing compliance requirement and a total loss of \$12 million for the 2005/2006 fiscal year.

LEGISLATIVE STAFF CONTACT

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