

SUMMARY ANALYSIS OF AMENDED BILL

Author: Figueroa Analyst: Nicole Kwon Bill Number: SB 577
 Related Bills: See Prior Analysis Telephone: 845-7800 Amended Date: May 31, 2005
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Government Operations Accountability/State Agencies Participate In CAL-Card Program, Use CalATERS & Report To Legislature On Status Of All Contracts/DOF In Consultation With FTB & BOE Report To Legislature On Effectiveness Of "Tax Expenditures"

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 April 18 and May 4, 2005, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would place certain duties and responsibilities on state agencies to promote fiscal responsibility.

This analysis addresses only those provisions of the bill affecting the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENTS

The May 31, 2005, amendments made the following changes:

- Requires the Department of Finance, in consultation with FTB and the State Board of Equalization, to submit to the Legislature a report on the effectiveness of tax expenditures. The report would address 1) the public policy purpose of the tax expenditure, whether that purpose was achieved, and, if so, whether it was achieved as a result of the tax expenditure, and 2) the effect of the tax expenditure on state and local revenues.

Board Position:

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Legislative Director

Date

Brian Putler

7/14/2005

- Defines the term “tax expenditures” to mean any special provision in the tax law that results in the collection of fewer tax revenues than would be collected under the basic tax structure.
- Requires all state agencies to utilize the California Automated Travel Expense Reimbursement System (CalATERS) or other more efficient and less costly system by January 1, 2008, rather than by July 1, 2006.
- Eliminates the requirement for all state agencies to certify that the service cannot be performed by the state at the same or less cost. Instead the amendments would require state agencies that enter into contracts for services to annually report to the Legislature on or before March 31 that 1) all efforts made by the agency to determine that the services cannot be comparably performed by existing state employees, and 2) all efforts made to comply with the state’s standards for the use of personal services and the acquisition of goods or services.
- Eliminates the requirement for the Department of Motor Vehicles (DMV) to develop and administer an amnesty program for persons subject to vehicle license fees.

The amendments also made other changes that would not impact the department.

As a result of the amendments, the implementation considerations discussed in the department’s analysis of the bill as amended April 18 and May 4, 2005, have been resolved. A revised revenue estimate is included below. The remainder of the department’s analysis of the bill as amended April 18 and May 4, 2005, still applies.

POSITION

Pending.

ECONOMIC IMPACT

This bill would not impact the state’s income tax revenue.

LEGISLATIVE STAFF CONTACT

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