

**State of California**

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**Legislative Change No.**

**05-02**

Bill Number: AB 139

Author: Committee on Budget

Chapter Number: 05-74

Laws Affecting Franchise Tax Board:

Civil Code Section 1789.30,

Revenue and Taxation Code Sections 18631.7, 19183,  
19523.5, and 19701.

Uncodified law.

Date Filed with the Secretary of State: July 19, 2005

**SUBJECT:** State Government/Reporting By Check Cashing Businesses/Tax Representative  
Suspension/Disbarment

**Assembly Bill 139 (Committee on Budget), as enacted on July 19, 2005, made the following changes to California law:**

Section 1789.30 of the Civil Code is amended.

This act requires a check casher, as defined in the Civil Code, to file an information return, pursuant to the Revenue and Taxation Code, identifying persons that have cashed an aggregate amount of checks exceeding \$10,000 in the same calendar year. This requirement is operative for checks cashed on or after January 1, 2006.

Section 18631.7 of the Revenue and Taxation Code is added.

This act requires a check casher required to file an information return pursuant to Section 1789.30 of the Civil Code, to furnish an information return to Franchise Tax Board (FTB). The information return must be filed within 90 days after the end of the calendar year and must contain, at the minimum, the name, address, taxpayer identification number, amount and date of any transaction, and any other information deemed necessary by FTB. Failure to file the information return would subject the check casher to information reporting penalties, including criminal penalties for willful violations.

Section 19183 of the Revenue and Taxation Code is amended.

This act extends the existing civil penalties related to filing information returns to the information return required by this act.

Section 19523.5 of the Revenue and Taxation Code is added.

This act provides that a tax practitioner that has been suspended or disbarred by the United States Secretary of the Treasury shall be suspended or disbarred, for the same time period as federal, from practice before FTB. "Practice" means, but is not limited to, preparing and filing documents,

Bureau Director

Jana Howard for Brian Putler

Date

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communicating with, and representing a client at conferences, hearings, or meetings with FTB. The tax practitioner is required to notify FTB within 45 days of the final federal suspension or disbarment. Failure to notify FTB subjects the practitioner to a \$5,000 penalty. A practitioner may present evidence to rebut the federal suspension or disbarment.

Section 19701 of the Revenue and Taxation Code is amended.

This act restricts the authority of FTB to pursue misdemeanor prosecution of tax scofflaws by revising prior law to confine prosecutions to a higher level of debt, an extended period of unresponsiveness, and stipulation that the taxpayer not suffer from a mental impairment.

Section 75.5 of the Act (Uncodified law)

This act permits the ReadyReturn pilot program to operate as a pilot program during the 2005-2006 fiscal year.

This act is effective and operative immediately upon enactment as an urgency statute. By specific language, the provisions related to check cashers are operative for checks cashed on or after January 1, 2006.

This act will not require any reports by the department to the Legislature.