

State of California

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Legislative Change No.

06-17

Bill Number: AB 2831

Author: Ridley-Thomas

Chapter Number: 06-580

Laws Affecting Franchise Tax Board: Insurance Code Section 12939.1, Revenue and Taxation Code Sections 17053.57 and 23657.

Date Filed with the Secretary of the State: September 28, 2006

SUBJECT: Community Development Financial Institution Credit/Extend Repeal Date to January 1, 2012, and Make Changes to Certification/Franchise Tax Board, Department of Insurance, and California Organized Investment Network Provide Tax Credit Data to Legislative Analyst

Assembly Bill 2831 (Ridley-Thomas), as enacted on September 28, 2006, made the following changes to California law:

Section 12939.1 of the Insurance Code is added.

This act requires the Legislative Analyst to prepare an analysis of the Community Development Financial Institution (CDFI) credit's fiscal impact and the resulting benefits from the use of the CDFI tax credit investments by economically disadvantaged communities and low income people in California with the data provided by the Franchise Tax Board, the Department of Insurance, and the California Organized Investment Network (COIN) by December 31, 2010.

Sections 17053.57 and 23657 of the Revenue and Taxation Code are amended.

This act would do the following:

- Extend the operative period of the credit from taxable years beginning before January 1, 2007, to taxable years beginning before January 1, 2012, and extend the repeal date of the CDFI credit from December 1, 2007, to December 1, 2012.
- Set a limit on the amount of total qualified investment certified in any calendar year from any one CDFI with its affiliates to the lesser of either \$10 million, 40 percent of the authorized annual aggregate qualified investments, or an amount determined by the Insurance Commissioner.
- Set a limit on the amount of total qualified investment each year, until July 1, from admitted insurers to either 25 percent of the authorized annual aggregate qualified investments, or an amount determined by the Insurance Commissioner.
- Set a limit on the amount of total qualified investment each year, until July 1, from individuals to \$3 million or an amount determined by the Insurance Commissioner.

Assistant Bureau Director
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Date
10/6/06

- Give the CDFI full use and control of the proceeds and earnings of the investment during the 60-month period.
- Require COIN, or its successor, to accept and evaluate applications for the tax credit amount allocated to the taxpayer.

As a tax levy, this act would be effective immediately upon enactment.

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