

SUMMARY ANALYSIS OF AMENDED BILL

Author: Garrick, et al. Analyst: Angela Raygoza Bill Number: AB 1843
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: April 21, 2008
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: State Agencies Provide Information To Controller Regarding How The State Spends State Tax Revenues

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 INTRODUCED

January 28, 2008, STILL APPLIES.

OTHER – See comments below.

SUMMARY

This bill would require a state agency, as defined, to implement a coding system that tracks expenditures of state funds in compliance with a statewide financial information system.

This analysis will address only the parts of the bill that impact the Franchise Tax Board (FTB).

SUMMARY OF AMENDMENTS

The April 21, 2008, amendments would do the following:

- Add “goods” and “assets” to the list of required state spending information.
- Require Department of Finance (DOF) to create, operate, and maintain a database on a website with state spending information.
- Revise the definition of “database” and “state funds.”
- Revise deadlines in the bill from January 1, 2010, to March 15, 2009.
- Remove the requirement for state agencies to provide information to the State Controller’s Office.
- Require state agencies to implement a coding system that tracks expenditures of state funds.

Board Position:	Legislative Director	Date
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As a result of the amendments, the “Effective/Operative Date,” “This Bill,” “Implementation Considerations,” and “Fiscal Impact,” discussions, as provided in the department’s analysis of the bill as introduced January 28, 2008, have been revised. Except for these new discussions provided in this analysis, the remainder of the department's analysis of the bill as introduced January 28, 2008, still applies.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2009, and operative as of that date.

POSITION

Pending.

ANALYSIS

THIS BILL

Beginning on or before June 1, 2009, this bill would require state agencies, including FTB, to implement a coding system that tracks expenditures of state funds consistent with the requirements of the state-wide financial information database. Information in the database should be an integrated part of the fiscal information system developed and coded to match the Budget Bill.

“Database” means all of the following information:

- The name and principal location of each recipient of state funds.
- The amount of state funds provided to a recipient.
- The state agency that provided state funds to a recipient.
- The specific fund or funds from which the state agency received the state funds it provided to the recipient.
- The name and description of each program, good, or asset, funded by state funds, including a description of the intended outcome or benefit of the program, goods, or asset. Where possible, the Web site shall provide a hyperlink to the applicable program, grant or contract under which the state funds were spent.
- The result for past expenditures of state funds to that program, good, or asset, if available.
- The State audits or reports relating to the recipient of state funds or a program, goods, or asset funded by the state funds, including a hyperlink to an audit or a report, if available.

The bill would define the following terms:

- “State agency” means a state department, agency, office, board, commission, bureau or division, or the California State University.
- “State audit or report” includes any audit or report issued by the Controller, State Auditor, a legislative committee, or state executive entity relating to the recipient of state funds.
- “State funds” means state tax revenues.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author’s office to resolve these and other concerns that may be identified.

This bill defines “State funds” to include state tax revenues. The term “tax revenues” may broadly be interpreted to include “state tax credits,” “state tax exemptions,” or “state tax deductions.” If the author’s intention is to exclude credits, exemptions, and deductions from the definition of “state funds,” it is recommended that the language be amended to state specifically that state tax revenue excludes exemptions, credits, deductions, or exclusions.

This bill lacks an exception to the general statutory rules making all taxpayer information confidential. Without an express exception, FTB employees would be in violation of existing disclosure laws if staff disclosed taxpayer information. If it is the author’s intent that confidential taxpayer information be disclosed for this bill, it is recommended that the bill be amended to provide an exception to the general statutory disclosure rules in order for the department to administer this bill.

Because current law prohibits the department from sharing any federal confidential taxpayer information, the department would be prohibited from sharing with the DOF any changes made to state tax information based on federal information. For example, if a federal audit resulted in an adjustment to the state information already provided to the DOF, the FTB would be unable to update the information, which could lead to inaccurate information reported on the DOF’s website.

This bill would require state agencies to track expenditure information related to state “programs.” The term “programs” is undefined. The author may wish to amend the bill to define the term. The absence of a definition could lead to disputes with state agencies and would complicate the administration of this bill.

FISCAL IMPACT

The department would be required to implement a coding system that tracks expenditures of state funds consistent with the requirements of the state-wide financial information database. Until the implementation concerns identified above are resolved, FTB is unable to quantify the extent of the impact of this bill on the department's programs and operations.

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