

SUMMARY ANALYSIS OF AMENDED BILL

Author: Swanson Analyst: Nicole Kwon Bill Number: AB 579
 Related Bills: See Prior Analysis Telephone: 845-7800 Amended Date: April 11, 2007
 Attorney: Daniel Biedler Sponsor: _____

SUBJECT: Local Agency Military Base Recovery Area/Extend Designation Period To 15 Years If Specified Conditions Apply

- 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 DEPARTMENT'S 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 February 21, 2007, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would extend the initial designation period of the Local Agency Military Base Recovery Areas (LAMBRAs) to a total of 15 years if specified conditions apply.

SUMMARY OF AMENDMENTS

The April 11, 2007, amendments deleted provisions related to a deduction for interest received by lenders on loans made to a trade or business located within a LAMBRA and added language that would extend the initial designation period for LAMBRAs from 8 to 15 years.

As a result of the amendments, the Implementation and Technical Considerations identified in the department’s analysis of the bill as introduced on February 21, 2007, no longer apply. The “This Bill” and “Economic Impact” discussions have been revised and are provided below.

POSITION

Pending.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	7/12/07
<input type="checkbox"/> NA		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NP		
<input type="checkbox"/> O		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

ANALYSIS

THIS BILL

This bill would extend the initial designation period for LAMBRA from 8 to 15 years, if after the fifth year of the designation period, both of the following conditions are met:

1. The governing body has notified the Department of Housing and Community Development (DHCD) that legal title to the economic development parcels at the former base have not been transferred to the governing body, and
2. The condition specified in item #1 has impeded the successful utilization of the incentive program as determined by DHCD.

ECONOMIC IMPACT

Revenue Estimate

This bill is not anticipated to impact significantly the amount of revenue associated with existing and future LAMBRA.

Revenue Discussion

The revenue impact of this bill would be the increase or decrease in LAMBRA tax incentives applied to reduce personal and corporate income or franchise tax liabilities.

Under current law, expiration of LAMBRA designation periods is unclear. For purposes of this estimate, it is assumed that expiration under current law is eight years from the later of either issuance of vouchers or transfer of title to the governing body. As of the date of this analysis, none of the eight LAMBRA have met both of the conditions required to start the eight-year expiration clock. Therefore, current expiration dates are presumed to be more than eight years in the future. This bill would limit the maximum LAMBRA designation period to fifteen years from the date of designation, which would make the latest possible expiration date August 31, 2016. This bill would not add an additional seven years to any of the eight existing LAMBRA designations, but it is expected that it would reduce the actual designation period for most, if not all, of the eight LAMBRA.

While actual designation periods may be longer under current law than under this bill, increased clarity regarding designation periods could improve LAMBRA marketability. This increased clarity may result in increased utilization of LAMBRA tax incentives. No increase or decrease in revenues is projected for the corresponding fiscal periods.

LEGISLATIVE STAFF CONTACT

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