

REVISED ANALYSIS

Author: Oropeza Analyst: Nicole Kwon Bill Number: SB 918
 Related Bills: See Legislative History Telephone: 845-7800 Original Analysis Date: March 29, 2007
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Qualified Tuition Program Deposits/FTB Revise PIT Return To Allow Taxpayers To Designate Amount In Excess Of Tax Liability To Be Deposited In Taxpayer's Qualified Tuition Program

_____ REVENUE ESTIMATE CHANGED.
 _____ FURTHER CONCERNS IDENTIFIED.
 _____ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED June 4, 2007, STILL
 APPLIES.
 OTHER – See comments below.

SUMMARY OF BILL

This bill would allow taxpayers to direct any amount in excess of their tax liability to a Qualified Tuition Program (QTP) account.

SUMMARY OF REVISION

The department's analysis of the bill as amended March 29, 2007, is being updated to include a revised "Fiscal Cost" discussion, and appropriation language to fund the department's costs to implement the provisions of this bill. The remainder of the department's analysis of the bill as amended June 4, 2007, still applies.

POSITION

Pending.

Summary of Suggested Amendments

Amendment 1 is provided to suggest appropriation language to fund the department's costs.

Board Position:	_____ NA	_____ NP	Legislative Director	Date
_____ S	_____ O	_____ NAR	Brian Putler	7/20/07
_____ SA	_____ OUA	<input checked="" type="checkbox"/> PENDING		
_____ N				

FISCAL IMPACT

The department's analysis of the bill as amended March 29, 2007, stated that implementation of this bill could require changes to existing tax forms resulting in the tax return expanding to three pages. If the forms were to increase to three pages, the department would incur costs of over \$2 million. Since that analysis, department staff has determined that this bill would not increase the tax return to three pages.

Implementing this bill would require changes to existing tax forms and instructions, programming changes to computer systems, and electronic applications. Staff expects increased customer service contacts from taxpayers, as well as additional costs to manage the transfer of funds to identified QTP accounts. The department would incur one-time costs for these items of approximately \$350,914, with annual ongoing costs estimated at \$30,398.

It is recommended that the bill be amended to include appropriation language that would provide funding to implement this bill. Lack of an appropriation will require the department to secure the funding through the normal budgetary process, which will delay implementation of this bill.

LEGISLATIVE STAFF CONTACT

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO SB 918
As Amended June 4, 2007

AMENDMENT 1

On page 2, after line 35, insert:

SEC. 2: The sum of three hundred fifty thousand nine hundred fourteen dollars (\$350,914) is hereby appropriated to the Franchise Tax Board in augmentation of item 1730-001-0001 of the Governor's Budget, Chapter XX, Statutes of XXXX.