

REVISED ANALYSIS

Author: Harman Analyst: Deborah Barrett Bill Number: SB 978
 Related Bills: See Legislative History Telephone: 8454301 Original Analysis Date: February 23, 2007
 Attorney: Tommy Leung Sponsor: _____

SUBJECT: Require Cities To Report City Business Tax Data To FTB

- REVENUE ESTIMATE CHANGED.
- FURTHER CONCERNS IDENTIFIED.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 23, 2007,
- STILL APPLIES.
- OTHER – See comments below.

SUMMARY OF BILL

This bill would require cities that either assess a city business tax or require a city business license to report certain information annually to the Franchise Tax Board (FTB).

SUMMARY OF REVISION

FTB’s analysis of the bill as introduced February 23, 2007, is being revised to include a “Fiscal Cost” estimate, “Summary of Suggested Amendments,” 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 introduced February 23, 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:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	6/19/07
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
<input type="checkbox"/> O		
<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING		

FISCAL IMPACT

The provisions of this bill would result in approximately 480 cities providing files on an annual basis to FTB that would require additional staffing to coordinate the receipt of the files, establish secure electronic communication protocols with the cities, and test the quality of the data for departmental use. Additional staffing would be required to respond to additional notices issued as a result of the data received. FTB estimates one-time costs of approximately \$749,000 with annual ongoing costs estimated at \$630,000. 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 978
As Introduced February 23, 2007

AMENDMENT 1

On page 2, after line 35, insert:

SEC. 3: The sum of seven hundred forty nine thousand dollars (\$749,000) 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.