

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: AR&T Committee Analyst: Angela Raygoza Bill Number: AB 1580  
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: May 14, 2009  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** 2009 Budget Bill Technical Clean-Up

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

March 26, 2009, STILL APPLIES.

OTHER – See comments below.

**SUMMARY**

This bill would clean-up provisions from the recently enacted budget provisions in ABX3 3 (Evans, Stats. 2009, Third Extraordinary Session, Ch. 18) and SBX3 15 (Calderon, Stats. 2009, Third Extraordinary Session, Ch. 17) by doing the following:

1. Clarify the operative date for the dependent exemption credit reduction,
2. Correct cross referencing errors for the underpayment penalty, and
3. Clarify the operative date for the new elective apportionment formula.

**SUMMARY OF AMENDMENTS**

The May 14, 2009, amendments would do the following:

1. Remove the provision that would have clarified estimated tax payment percentages,
2. Correct a cross-referencing error in Section 25128, and
3. Clarify in Section 25128 that the single sales factor election is an option for taxable years beginning on or after January 1, 2011.

Board Position:	Legislative Director	Date
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As a result of the amendments, the “Provision 1-Estimated Payments” and “Economic Impact” discussion, as provided in the department’s analysis of the bill as introduced March 26, 2009, have been revised. By removing the provision that would have clarified the estimated tax payment percentages, this bill would no longer have a revenue impact. The remainder of the department’s analysis as introduced March 26, 2009, still applies.

**PROVISION 1: Estimate Payments**

This provision would explicitly state that wage withholding would be applied toward a taxpayer’s estimated tax payment obligation using the percentages from recently enacted law that are 30 percent-30 percent -20 percent -20 percent.

**PROVISION 2: Dependent Exemption Credit**

**THIS PROVISION**

This provision would clarify that the reduction in the dependent exemption credit would cease to be operative for taxable years beginning on or after January 1, 2011, unless the Director of Finance notifies FTB of the result of the statewide election held during the 2009 calendar year, then the credit would cease to be operative on January 1, 2013.

**PROVISION 3: Underpayment Penalty of Estimated Tax**

**THIS PROVISION**

This provision would correct a cross-referencing error in the recently enacted budget trailer bills, ABX3 15 and SBX3 15.

**Provision 4: Apportionment Factor**

**THIS PROVISION**

This provision would clarify that the single sales factor election may be made by an apportioning trade or business for taxable years beginning on or after January 1, 2011.

This provision would further clarify the effective date of the singles sales factor election by adding a cross reference to Section 25128.

This provision would also correct a cross-referencing error in the meaning of “gross business receipts.”

**TECHNICAL CONCERN**

Amendment 1 has been provided to correct a technical error.

## **ECONOMIC IMPACT**

The May 14, 2009, amendments removed the only provision affecting revenue. Consequently, this bill would no longer have a revenue impact.

## **LEGISLATIVE STAFF CONTACT**

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FRANCHISE TAX BOARD'S  
PROPOSED AMENDMENTS TO AB 1580  
As Amended May 14, 2009

AMENDMENT 1

On page 5, line 10, strikeout "paragraph 1 of"