

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Saldana Analyst: David Scott Bill Number: AB2458  
 Related Bills: See Prior Analysis Telephone: 845-5806 Amended Date: May 3, 2010  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** Underpayment Penalty For Small Businesses\Due Date Extension

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended April 5, 2010.
- 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 AMENDED April 5, 2010, STILL APPLIES.
- OTHER – See comments below.

**SUMMARY**

This bill would extend the due date for paying the underpayment penalty on limited liability companies (LLCs), if it is a small business.

**SUMMARY OF AMENDMENTS**

The May 3, 2010, amendments resolved the department’s implementation consideration as discussed in the analysis of the bill as amended April 5, 2010, by deleting a provision related to the Secretary of State certification penalty.

As a result of the amendments, the “This Bill” discussion has been revised. The “Fiscal Impact” discussion has been updated with costs and the “Revenue Estimate” discussion remains the same and has been included below for convenience. The balance of the department’s analysis of the bill as amended April 5, 2010, still applies.

**POSITION**

Pending.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	05/17/10
<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		

## THIS BILL

This bill would allow a small business, as defined, to pay the 10 percent penalty for underpayment of the estimated LLC fee 60 days from the date the small business is notified of imposition of the penalty by the Franchise Tax Board. The 60 day notification period shall apply to penalties imposed on or after January 1, 2011.

“Small business” would be defined as a business with total income from or attributable to California sources that is less than \$1 million.

## **FISCAL IMPACT**

Staff estimates costs of approximately \$40,000 to develop, program, and test revisions to existing systems to make the changes needed to implement this bill. Due to the current fiscal environment and the pending bills that would require systems changes to implement, the department may be unable to implement this bill without this additional funding. Accordingly, an appropriation is requested.

## **ECONOMIC IMPACT**

### Revenue Estimate

Estimated Revenue Impact of AB 2458 Assumed Enactment by September 30, 2010 Operative as of January 1, 2011		
2009-10	2010-11	2011-12
Less than -\$150,000	-\$6,000	-\$3,000

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

## **LEGISLATIVE STAFF CONTACT**

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