

SUMMARY ANALYSIS OF AMENDED BILL

Author: Strickland Analyst: William Koch Bill Number: AB 2665
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: April 26, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Service Station Emergency Standby Generator Credit

- 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 February 19, 2010, STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would allow a tax credit for the purchase and installation of an emergency standby generator at a service station located within California.

SUMMARY OF AMENDMENTS

The April 26, 2010, amendments revised the credit recapture provisions by specifying that an emergency standby generator that is returned to the vendor or otherwise removed from service within one year of being placed into service would trigger recapture of the credit.

Except for the "This Bill" section, the remainder of the department's analysis of this bill as introduced February 19, 2010, still applies. The "Economic Impact" section has been repeated below for convenience.

THIS BILL

For taxable years beginning on or after January 1, 2011, and before January 1, 2016, this bill would allow a personal and a corporate income tax credit in an amount equal to 5 percent of the costs paid or incurred for the purchase and installation of an emergency standby generator at a service station located in this state.

Board Position:	Asst. Legislative Director	Date
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<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	04/28/10

This bill provides the following definitions:

- “Emergency standby generator” is an electrical generator that is rated by the manufacturer to generate at least 30 kilowatts of electricity and whose sole function is to automatically provide electric power when electric power from a utility service is interrupted.
- “Service station” is an establishment that offers for sale or sells gasoline or other fuel to power motor vehicles to the public.

This bill specifies that a taxpayer would be required to recapture the allowed amount of the tax credit if the taxpayer subsequently sells, returns to the vendor, or otherwise removes the generator from service within one year from the date it was placed in service. The recaptured amount would be added to the tax for the taxable year in which the emergency standby generator is sold or removed from service.

This bill would allow any unused credit to be carried over until exhausted.

This tax credit would be repealed as of December 1, 2016.

ECONOMIC IMPACT

Revenue Estimate

This bill would result in the following revenue losses:

Estimated Revenue Impact of AB 2665 Effective For Tax Years Beginning On or After January 1, 2011 Enactment Assumed After June 30, 2010 (\$ in Millions)					
2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
-\$0.1	-\$0.4	-\$0.6	-\$0.6	-\$0.5	-\$0.2

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

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