

SUMMARY ANALYSIS OF AMENDED BILL

Author: Wolk Analyst: Jahna Alvarado Bill Number: SB 1272
 Related Bills: See Prior Analysis Telephone: 845-5683 Amended Date: April 21, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Tax Expenditures/Add 7 Year Sunset

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as 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 amended April 5, 2010.
- 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 require bills introduced on or after January 1, 2011, that would create a new tax credit to include the following:

- specific goals, purposes, and objectives of the credit,
- performance measures for the credit,
- data collection and remittance requirements, and
- language that would repeal the credit after seven years.

SUMMARY OF AMENDMENTS

The April 21, 2010, amendments made the following changes to the bill:

- Revised the operative date to apply to bills introduced on or after January 1, 2011, that would create a new tax credit (affected bills).
- Added a requirement that affected bills include language requiring collection and remittance of baseline data for purposes of evaluating the new credit.
- Added a requirement that affected bills include language that would repeal the new credit after seven years.
- Made several technical changes to revise grammar.

Board Position:	Legislative Director	Date
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Except for the “Effective/Operative Date,” “This Bill,” and “Implementation Considerations” sections, the remainder of the department’s analysis of the bill as amended April 5, 2010, still applies.

EFFECTIVE/OPERATIVE DATE

Assuming enactment before October 1, 2010, this bill would become effective on January 1, 2011, and specifically operative for any bill introduced on or after January 1, 2011, that would create a new tax credit.

THIS BILL

This bill would require bills introduced on or after January 1, 2011, that would create a new tax credit, to contain language that would specify:

- The specific goals, purposes, and objectives the new tax credit will achieve (e.g., a jobs credit that would provide an incentive for a company to hire a certain demographic),
- Detailed performance measures for the Legislature to use to measure whether the tax credit meets the goals, purposes, and objectives in the bill. For example, in the case of a jobs credit bill, performance measures could include the increase in the number of jobs available, or the number of individuals that would be targeted for employment,
- Data collection and reporting requirements that would allow the Legislature to evaluate whether the credit is meeting, failing to meet, or exceeding its goals, purposes, and objectives, including baseline data, to be collected and remitted in each year the credit is effective for the Legislature to measure the change in performance indicators, and the specific taxpayers, state agencies, or other entities required to collect and remit data, and
- The credit would cease to be operative seven years after its enactment date and repealed as of January 1 of the year after that operative period.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concern. Department staff is available to work with the author’s office to resolve this and other concerns that may be identified.

This bill would require that specified bills include a sunset date that would be seven years after the date of enactment. Because bills are enacted throughout the year, this requirement could result in a credit ceasing to be operative in the middle of a taxable year. It is recommended that this bill be amended to limit the operative period to seven taxable years after the enactment date.

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