

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Eng Analyst: Deborah Barrett Bill Number: AB 469  
 Related Bills: See Prior Analysis Telephone: 845-4301 Amended Date: April 2, 2009  
 Attorney: Patrick Kusiak Sponsor: \_\_\_\_\_

**SUBJECT:** FTB Revise Income Tax Forms And Instruction To Enable A Person To Report & Pay Qualified Use Taxes

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 24, 2009, STILL APPLIES.

OTHER – See comments below.

**SUMMARY**

This bill would replace the current option for a taxpayer to report use tax on the state income tax return with a requirement to report use tax.

This bill contains provisions related to Board of Equalization’s administration of the sales and use tax laws that do not impact the department and are not discussed in this analysis.

**SUMMARY OF AMENDMENTS**

The April 2, 2009, amendments would make the following changes:

- Clarify the definition of “use tax” used in this bill, and
- Allow the use tax on cumulative purchases of \$1,000 or less to be calculated using a table in the forms and instructions of an acceptable tax return.

The “This Bill” discussion has been revised. The “Implementation Considerations,” “Fiscal Impact,” and “Economic Impact” discussions are repeated below for convenience. The remainder of the department’s analysis of the bill as introduced February 24, 2009, still applies.

Board Position:	Legislative Director	Date
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## **POSITION**

Pending.

## **THIS BILL**

This bill would eliminate the election for a taxpayer to report and pay use tax on the state income or franchise tax return and would instead require anyone who must remit use tax and fails to do so, to report and remit the use tax on an acceptable state income tax return.

This bill would define “qualified use tax” to mean the following:

- For one or more single nonbusiness purchases of individual items of tangible personal property with a sale price of less than one thousand dollars (\$1,000), either of the following:
  - The use tax imposed under the California Constitution, Bradley-Burns Uniform Local Sales and Use Tax Law or the Transactions and Use Tax Law that has not been paid to a retailer holding a seller’s permit or certificate of registration, or
  - The estimated amount of use tax due based on the person’s California taxable income as reflected in the use tax table shown in the accompanying forms and instructions of an acceptable return. If a taxpayer uses this table to calculate their use tax, BOE is precluded from making any determinations of understatements of qualified use tax against that person.
  
- For one or more single nonbusiness purchases of individual items of tangible personal property with a sales price of one thousand dollars (\$1,000) or more, or for any tangible personal property purchased for use in a trade or business, the amount of the use tax imposed under the California Constitution, the Bradley-Burns Uniform Local Sales and Use Tax Laws or the Transaction and Use Tax Law that has not been paid to a retailer holding a seller’s permit or certificate of registration-use tax.

The bill would provide that qualified use tax does not include use tax imposed on a purchase of cigarettes, tobacco products or both cigarettes and tobacco products for which the purchaser is registered with the BOE as a cigarette consumer or tobacco products consumer, or a cigarette and tobacco products consumer .

This bill would also require FTB to make changes to its instruction booklets to enable a person to report and pay use tax in a form and manner approved by the BOE.

The bill’s provisions would be specifically operative for returns filed for taxable years beginning on or after January 1, 2010.

## IMPLEMENTATION CONSIDERATIONS

Implementing this bill would have minor impact to the department's programs and operations.

## **FISCAL IMPACT**

Changes in the instruction booklets required by this bill could be accomplished during normal annual revisions and would have a minor impact on the department's costs.

## **ECONOMIC IMPACT**

This bill would not impact state income tax revenues

## **LEGISLATIVE STAFF CONTACT**

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