

SUMMARY ANALYSIS OF AMENDED BILL

Author: Eng & Skinner Analyst: William Koch Bill Number: AB 2439
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: August 16, 2012
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: FTB Publish On Internet Web Site List Of 500 Largest Corporate Taxpayers That Filed Form 10-K With Federal Securities & Exchange Commission

SUMMARY

This bill would require the Franchise Tax Board (FTB) to do the following:

- Publish, on an annual basis, a list of the 500 largest corporate taxpayers, as measured by gross receipts, less returns and allowances, that filed Form 10-K with the federal Securities & Exchange Commission (SEC),
- Include the tax liability of each corporate taxpayer on the list and whether each corporate taxpayer elected to utilize the single sales factor apportionment formula, and
- Update each list annually for two years to reflect any changes in the tax liability of each corporate taxpayer appearing on the list.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The August 16, 2012, amendments reduced the number of corporate taxpayers subject to this bill from the largest 1,500 to the largest 500, and added a repeal date of January 1, 2018.

As a result of the amendments, the "This Bill" and "Fiscal Impact" sections of the department's analysis of this bill as amended June 20, 2012, have been revised. The "Implementation Considerations," "Economic Impact" and "Policy Concerns" sections remain and have been restated for convenience.

Board Position:	Legislative Director	Date
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ANALYSIS

THIS BILL

This bill would do the following:

- Require the FTB to publish on its Internet Web site, on or before December 1, 2013, and each December 1 thereafter, a list of the 500 largest corporate taxpayers, as measured by gross receipts, less returns and allowances, that filed a Form 10-K with the federal SEC. The list would include the tax liability of each corporate taxpayer appearing on the list and whether each corporate taxpayer elected to utilize the single sales factor apportionment formula. The list would be derived from timely filed, original tax returns. For corporate taxpayers included in a combined report, the gross receipts, less returns and allowances, of the combined reporting group would be used to determine whether that taxpayer would be included on the list. The list published on or before December 1, 2013, would reflect the tax liability, as of October 1, 2013, for the 2010 and 2011 taxable years. Each subsequent list would reflect the tax liability for the taxable year that closed two years before the publication of the list.
- Require the FTB to update each list annually, for two years to reflect any changes in the tax liability of each corporate taxpayer appearing on the list. The updated list would be published on or before each December 1, and reflect the tax liability as of October 1 of that year.
- Define, for purposes of this bill, “tax liability” as the amount of tax owed after application of any credits, excluding overpayments, estimated tax payments, withholding, and any other amounts paid.
- Define “gross receipts” to have the same meaning as the term is defined in Revenue and Taxation Code Section 25120.
- Remain in effect until January 1, 2018, and as of that date be repealed, unless a later enacted statute deletes or extends that date.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would not significantly impact the department’s programs or operations. Department staff do note if the FTB is unable to verify with certainty that a corporate taxpayer filed Form 10-K with the SEC, that taxpayer’s information would be excluded from the list.

FISCAL IMPACT

First year costs to implement this bill are estimated to be approximately \$28,000 with annual ongoing costs of approximately \$8,000.

ECONOMIC IMPACT

Revenue Estimate

This bill would not impact the state's income or franchise tax revenue.

SUPPORT/OPPOSITION¹

Support: Alliance of Californians for Community Empowerment (co-source)
California Tax Reform Association (co-source)
Service Employees International Union, Local 721 (co-source)
American Federation of State, County, and Municipal Employees
California Federation of Teachers
California Labor Federation
California National Organization for Women
California Nurses Association
California Partnership
Parent Voices
PICO California
Senior Action Network
Service Employees International Union, California

Opposition: BIOCUM
California Aerospace Technology Association
California Bankers Association
California Chamber of Commerce
California Grocers Association
California Healthcare Institute
California Manufacturers and Technology Association
California Railroad Industry
California Retailers Association
California Taxpayers Association
California Water Association
Capital Area Transportation Authority
Council on State Taxation
Fullerton Chamber of Commerce
Personal Insurance Federation of California
Securities Industry and Financial Markets Association
Silicon Valley Leadership Group
Southwest California Legislative Council
TechAmerica
TechNet

¹ As reported in the August 20, 2012, Senate Floor analysis of this bill located at:
http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_2401-2450/ab_2439_cfa_20120820_141901_sen_floor.html

POLICY CONCERNS

California has a tax system that primarily relies on the taxpayer to self-assess and pay the proper amount of tax. If tax liability information is disclosed to public, it is unclear what impact, if any, there may be on the self-assessing tax system.

LEGISLATIVE STAFF CONTACT

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