Franchise Tax Board

SUMMARY ANALYSIS OF AMENDED BILL

Author:	Solorio	Analyst:	Janet Jennings	Bill Number:	AB 2625
Related Bills:	See Prior Analysis	Telephone:	845-3495	Amended Date:	May 1, 2012
		Attorney:	Patrick Kusiak	Sponsor:	

SUBJECT: Scholarshare Qualified Tuition Program —Voluntary Designations

SUMMARY

This bill would do the following:

- Allow taxpayers to direct an amount in excess of their tax liability to a Scholarshare Qualified Tuition Program (SQTP) account and
- Require the Franchise Tax Board (FTB) to revise the tax forms to allow a taxpayer to request information on the SQTP.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 1, 2012, amendments removed language that would have required FTB to send information on the SQTP and other qualified tuition plans. As a result of the amendments, several of the implementation considerations discussed in the department's analysis of the bill as amended April 9, 2012, have been resolved. The "This Bill" discussion provided in that analysis has been revised. The remaining "Implementation Consideration" discussed in the department's analysis of the bill as amended April 9, 2012, has been included below. The "Fiscal Impact" and the "Economic Impact" of the bill as introduced February 24, 2012, still applies and are restated for convenience.

THIS BILL

This bill would require the department to include information regarding the direct deposit program established by this bill on its internet Web site and within its marketing materials.

This bill would require the individual income tax forms to be revised to allow for a taxpayer to request information regarding the SQTP.

Board Position:			Interim Legislative Director	Date
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This bill requires a taxpayer's request for information on the SQTP to be located near the voluntary contribution check off boxes and to state “If you are interested in receiving information regarding the Scholarshare qualified tuition program and how to sign up for a Scholarshare tuition program, please check here.”

The above provisions would cease to exist on January 1, 2020.

This bill would require the department, upon request of the taxpayers as designated on the individual income tax returns to provide to the Golden State Scholarshare College Saving Trust, the names and addresses from the individual income tax returns solely for the purpose of providing those taxpayers with information concerning the SQTP.

IMPLEMENTATION CONSIDERATIONS

Although the FTB approves the versions of income tax return forms used by tax preparation software companies, the FTB lacks authority to dictate to software vendors that their software contains options to require information relating to SQTP accounts. Accordingly, the FTB is unable to ensure that tax preparation software would incorporate the changes to the tax returns that this bill would require.

FISCAL IMPACT

This bill would require significant processing changes. As the bill continues to move through the legislative process and implementation concerns are resolved, costs will be identified and an appropriation will be requested, if necessary.

ECONOMIC IMPACT

This bill would not impact the state’s income tax revenue.

LEGISLATIVE STAFF CONTACT

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