

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Solorio Analyst: Janet Jennings Bill Number: AB 2625

Related Bills: See Prior Analysis Telephone: 845-3495 Amended Date: June 26, 2012

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Scholarshare Qualified Tuition Program —Voluntary Designations

SUMMARY

This bill would allow taxpayers to direct an amount in excess of their tax liability to a Scholarshare Qualified Tuition Program (SQTP) account.

RECOMMENDATION

No position.

Summary of Amendments

The June 26, 2012, amendments removed language that would have required the individual income tax forms to be revised to allow a taxpayer to request information regarding the SQTP and added language that would increase the minimum allowable designation to the SQTP from \$1 to \$25, and allows the Franchise Tax Board (FTB) discretion in including direct deposit options in marketing materials and on the FTB's Internet Web site.

As a result of the amendments, the implementation consideration discussed in the department's analysis of the bill as amended May 1, 2012, has been resolved, and the "This Bill", and "Fiscal Impact" discussions provided in that analysis have been revised. The "Economic Impact" has been restated for convenience.

THIS BILL

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

This bill would restrict a direct deposit designation made by an individual to an SQTP account to a minimum of \$25 dollars.

This bill would require the amount in excess of tax liability to be distributed on a pro rata basis if an individual's voluntary contributions and SQTP account deposit exceed the amount in excess of their tax liability.

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

Board Position:

_____ S _____ NA X NP
_____ SA _____ O _____ NAR
_____ N _____ OUA

Legislative Director

Date

Rachel Hallgren
For Gail Hall

07/12/12

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would require some changes to existing tax forms and instructions and information systems, which could be accomplished during the normal annual update.

FISCAL IMPACT

This bill would require changes to forms and systems. As a result, this bill would impact the department's printing, system development and testing process. The department anticipates costs in the current year of \$112,000, and \$55,000 in the subsequent year with ongoing costs of \$46,000. It is recommended that the bill be amended to include appropriation language that would provide funding to implement this bill. Lack of an appropriation would require the redirection of resources from other revenue producing activities to implement this bill. Redirection of resources could negatively impact existing revenue producing activities.

ECONOMIC IMPACT

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

LEGISLATIVE STAFF CONTACT

Janet Jennings

Legislative Analyst, FTB

(916) 845-3495

janet.jennings@ftb.ca.gov

Gail Hall

Legislative Director, FTB

(916) 845-6333

gail.hall@ftb.ca.gov