

REVISED ANALYSIS

Franchise Tax Board

Author: Price Analyst: Brian Werking Bill Number: SB 1158

Related Bills: See Prior Analysis Telephone: 845-5103 Original Analysis Date: February 22, 2012

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Declarations Of Disaster/Abatement Of Interest

SUMMARY

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

- Postpone certain tax-related deadlines¹ for taxpayers affected by a gubernatorially declared disaster, and
- Abate interest accrued against liabilities owed by taxpayers located within a disaster area if the accrued interest is the result of the FTB's decision to delay notices sent to the disaster area.

SUMMARY OF REVISION

The economic impact provided in the prior analysis of the bill as introduced February 22, 2012, has been revised to provide some data regarding current interest abatements and the potential impacts of the provisions of this bill. The remainder of the prior analysis still applies.

ANALYSIS

PRIOR ECONOMIC IMPACT AS PROVIDED IN THE DEPARTMENT'S ANALYSIS OF THE BILL AS INTRODUCED FEBRUARY 22, 2012

Due to the unpredictable nature of disasters, department staff is unable to provide a revenue estimate.

¹ As listed under paragraph (1) of subsection (a) of section 7508 of the Internal Revenue Code.

Board Position:

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Legislative Director

Date

Gail Hall

08/06/12

REVISED ECONOMIC IMPACT

The revenue impact of this bill would depend on the number of taxpayers that meet the following criteria:

- reside in a California disaster area declared by the Governor/President,
- receive a letter or notice delayed by the FTB due to that disaster, and
- have a resulting tax liability that includes interest accrued during the notice delay.

The number and severity of disasters that will be declared in any year is unknown. Based on historical data regarding interest abatements currently handled by the department, it is expected that for every 100 taxpayers requesting interest abatement under this bill, the revenue loss would be approximately \$1,800.

FTB receives approximately 600 interest abatement requests per year on average for all provisions of the law. It is expected that this would result in a minimal increase to the number of abatement requests.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill.

LEGISLATIVE STAFF CONTACT

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