

REVISED ANALYSIS

Franchise Tax Board

Author: De Leon Analyst: Jahna Carlson Bill Number: SB 1356

Related Bills: See Prior Analysis Telephone: 845-5683 Original Analysis Date: May 29 & June 21, 2012

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Higher Education Investment Tax Credit Program Special Fund

SUMMARY

This bill would establish an income tax credit for cash contributions made to a new special education fund with an aggregate credit cap of \$100 million per calendar year.

SUMMARY OF REVISION

The "Economic Impact" section has been revised to clarify that the estimated impact to the state's income and franchise tax revenue is exclusive of the annual allocation to the general fund from the special fund that this bill would create.

The remainder of the department's analysis of the bill as amended May 29, and June 21, 2012, still applies. The "Fiscal Impact" section is repeated for convenience.

RECOMMENDATION

No position.

FISCAL IMPACT

Staff estimates one-time costs of approximately \$67,000 in fiscal year 2012/2013 to develop, program, and test system changes in order to implement the credit that this bill would create. Additionally, staff estimates costs of approximately \$3,000 in fiscal year 2013/2014 to develop and implement the process for receiving, and transcribing the information provided by the California Educational Facilities Authority to the department, with on-going annual costs of \$50,000 to maintain and monitor the reported information for the remaining life of the credit.

These costs would normally be included in the department's existing annual change process and budgeted audit workloads. They are presented here to illustrate the administrative costs that could be subject to reimbursement under the terms of this bill.

Board Position:	Legislative Director	Date
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ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB 1356 as Amended June 21, 2012 Higher Education Investment Tax Credit Program For Taxable Years Beginning On or After January 1, 2013 Assumed Enactment After June 30, 2012 (\$ in Millions)		
2012-13	2013-14	2014-15
-\$45	-\$90	-\$95

Because this analysis is limited to the estimated revenue impact on the state's income and franchise tax revenues, this estimate is exclusive of the allocation from the special fund to the general fund, in an amount equal to the amount of certified credits allowed each taxable year, that this bill would require.

Additionally, 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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