

SUMMARY ANALYSIS OF AMENDED BILL

Author: Cannella, et al. Analyst: William Koch Bill Number: SB 358
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: April 26, 2011
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Exclusion/Amounts Provided By State Air Resources Board, Air Pollution Control Districts, And Air Quality Management Districts For Air Pollution Reduction

SUMMARY

This bill would exclude from tax air pollution reduction grants made by the State Air Resources Board, air pollution control districts, and air quality management districts.

SUMMARY OF AMENDMENTS

The April 26, 2011, amendments would exclude from gross income any amount provided by air pollution control districts and air quality management districts for the purpose of air pollution reduction. The amendments also added coauthors to the bill. As a result of the April 26, 2011, amendments, the "This Bill," "Implementation Considerations," and "Economic Impact" sections of the department's analysis of this bill as introduced February 15, 2011, have been revised. The remainder of that analysis still applies.

THIS BILL

This bill, under the Personal Income Tax Law and the Corporate Tax Law, would exclude from gross income any amount provided by the State Air Resources Board, air pollution control districts, and air quality management districts to any person for the purpose of air pollution reduction.

IMPLEMENTATION CONSIDERATIONS

The department has identified the following implementation concerns. Department staff is available to work with the author's office to resolve these and other concerns that may be identified.

This bill fails to specify how the Franchise Tax Board (FTB) would determine or verify if payments provided by the State Air Resources Board, air pollution control districts, and air quality management districts were for the purpose of air pollution reduction. To reduce disputes between the department and taxpayers, as well as to ease administration of this bill, the author may wish to amend the bill to: (1) require the State Air Resources Board, air pollution control districts, and air quality management districts to provide certification to taxpayers that a payment is for air pollution reduction, (2) require taxpayers to submit such certification to the FTB upon request, and (3) require the State Air Resources Board, air pollution control districts, and air quality management districts to provide the FTB a data file annually containing information relating to the payments and the recipients.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S <input type="checkbox"/> NA <input checked="" type="checkbox"/> NP <input type="checkbox"/> SA <input type="checkbox"/> O <input type="checkbox"/> NAR <input type="checkbox"/> N <input type="checkbox"/> OUA	Brian Putler	05/05/11

The bill lacks a definition for “air pollution control district” and “air quality management district.” As written, the exclusion from gross income would apply to payments from such a district whether the district is located in California or otherwise. It is unclear if it is the author’s intent to exclude from gross income payments from out-of-state air quality entities.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of SB358 For Taxable Years Beginning On or After January 1, 2011 Enactment Assumed After June 30, 2011 (\$ in Millions)				
2010-11	2011-12	2012-13	2013-14	2014-15
\$0.0	-\$3.5	-\$2.3	-\$1.6	-\$1.3

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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