

SUMMARY ANALYSIS OF AMENDED BILL

Author: Wolk Analyst: Jahna Alvarado Bill Number: SB 508
 Related Bills: See Prior Analysis Telephone: 845-5683 Amended Date: June 20, 2011
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Tax Expenditures/Add 10 Year Sunset

SUMMARY

This bill would create requirements for bills introduced on or after January 1, 2012, that would create a new tax credit.

RECOMMENDATION AND SUPPORTING ARGUMENTS

No position.

SUMMARY OF AMENDMENTS

The June 20, 2011, amendments modified the sunset date requirement and made several nonsubstantive changes in the bill’s language.

As a result of the June, 20, 2011, amendments, the “This Bill” section has been revised. The remainder of the department’s analysis of SB 508 as introduced on February 17, 2011, still applies. The “Fiscal Impact” and “Economic Impact” sections are included for convenience.

ANALYSIS

THIS BILL

This bill would require bills introduced on or after January 1, 2012, that would create a new tax credit, to contain language that would specify:

- The specific goals, purposes, and objectives the new tax credit will achieve (e.g., a jobs credit that would provide an incentive for a company to hire a certain demographic);
- Detailed performance measures for the Legislature to use to measure whether the tax credit meets the goals, purposes, and objectives in the bill. For example, in the case of a jobs credit bill, performance measures could include the increase in the number of jobs available, or the number of individuals that would be targeted for employment;

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- Data collection and reporting requirements that would allow the Legislature to evaluate whether the credit is meeting, failing to meet, or exceeding its goals, purposes, and objectives, including baseline data, to be collected and remitted in each year the credit is effective for the Legislature to measure the change in performance indicators, and the specific taxpayers, state agencies, or other entities required to collect and remit data; and
- The credit would cease to be operative no later than ten taxable years after its effective date and would be repealed as of January 1 of the year following the end of the operative period.

FISCAL IMPACT

Because this bill would add requirements for future bills, no departmental costs are associated with this bill.

ECONOMIC IMPACT

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

SUPPORT/OPPOSITION

Support: California Labor Federation

Opposition: BIOC
California Aerospace Technology Association
California Bankers Association
California Manufacturers and Technology Association

LEGISLATIVE STAFF CONTACT

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