



**THIS BILL**

This bill would gradually increase the credit percentages for the general research credit and the university “basic research” credit over five years, after which the credit percentages would return to current-law amounts, as shown in the table below:

Taxable Year	General Research Credit Credit Rates		University “Basic Research” Credit Credit Rates	
	Current Law	<i>Proposed by This Bill</i>	Current Law	<i>Proposed by This Bill</i>
2014	15%	18%	24%	27%
2015	15%	21%	24%	30%
2016	15%	24%	24%	33%
2017	15%	27%	24%	36%
2018	15%	30%	24%	39%
2019	15%	15%	24%	24%

**IMPLEMENTATION CONSIDERATIONS**

This bill would not significantly impact the department’s programs or operations.

**FISCAL IMPACT**

This bill would not significantly impact the department’s costs.

**ECONOMIC IMPACT**

**Revenue Estimate**

Estimated Revenue Impact of AB 1564 As Amended May 6, 2014 Assumed Enactment After June 30, 2014 (\$ in Millions)				
2014-15	2015-16	2016-17	2017-18	2018-19
- \$65	- \$110	- \$150	- \$190	- \$130

In addition to the revenue losses estimated above, this bill would create another \$6 billion in credit carry forwards that may reduce revenue to the state in future years.

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

## **SUPPORT/OPPOSITION<sup>1</sup>**

Support: The California Hispanic Chambers.

Opposition: American Federation of State, County and Municipal Employees (AFSCME).

## **LEGISLATIVE STAFF CONTACT**

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<sup>1</sup> From the April 25, 2014, Assembly Revenue and Taxation Committee analysis of this bill as amended April 22, 2014.