

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Linder & Perea	AB 1796

SUBJECT

FTB To Revise Tax Form Instructions To Provide Information About The Golden State Scholarshare College Savings Trust

SUMMARY

This bill would require the Franchise Tax Board (FTB) to revise the individual and fiduciary tax form instructions to inform taxpayers that they can request a direct deposit of a refund into the Golden State Scholarshare College Savings Trust.

REASON FOR THE BILL

The reason for this bill is to encourage taxpayers to save for future educational expenses for themselves or their dependents.

EFFECTIVE/OPERATIVE DATE

This bill would be effective on January 1, 2015, and operative for form instructions for tax returns filed on and after that date.

FEDERAL/STATE LAW

Federal law allows taxpayers three direct deposit options:

- Split the refund with direct deposits into two or three checking and/or savings accounts,
- Direct deposit the refund into one checking or savings account, or
- Use the refund to purchase up to \$5,000 in U.S. Series I Savings Bonds.

State law allows taxpayers two direct deposit options:

- Split the refund with direct deposits into two checking and/or savings accounts, including an Internal Revenue Code (IRC) section 529 college savings account, or
- Direct deposit the refund into one checking or savings account, including an IRC section 529 college savings account.

The Golden State Scholarshare College Savings Trust is an IRC section 529 college savings account.

Gail Hall, FTB Contact Person
(916) 845-6333 (Office)

Executive Officer
Selvi Stanislaus

Date
07/07/14

THIS BILL

This bill would require the FTB to revise the individual and fiduciary tax form instructions to include information about the ability to directly deposit a portion of a refund into the Golden State Scholarshare College Savings Trust.

This bill would require the Scholarshare Investment Board to provide the FTB with a description of the Golden State Scholarshare College Savings Trust, not to exceed five lines, on or before a date specified by the FTB.

This bill would require the FTB to revise the forms in the most cost effective manner.

The “Golden State Scholarshare College Savings Trust” would have the meaning set forth in subdivision (e) of Section 69980 of the Education Code.¹

LEGISLATIVE HISTORY

AB 1175 (Fletcher, 2011/2012) was substantially similar to this bill with the exception that AB 1175 was limited to individual income tax forms. AB 1175 failed to pass out of the Senate Governance and Finance Committee.

SB 323 (Oropeza, 2009/2010) would have required the FTB to revise the tax return to include a separate space for a taxpayer to designate a direct deposit to an IRC section 529 college savings plan. SB 323 was held in the Assembly Appropriations Committee.

SB 918 (Oropeza, 2007/2008) would have allowed taxpayers to direct any amount in excess of their tax liability to a Qualified Tuition Program (QTP) account. SB 918 was held in the Assembly Appropriations Committee.

OTHER STATES' INFORMATION

Since this bill only requires a change to the individual and fiduciary tax form instructions, a review of other states' tax information would not be relevant.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

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

¹ “Golden State Scholarshare College Savings Trust” or “Scholarshare trust” means the trust created pursuant to Article 19, Golden State Scholarshare Trust Act.

APPOINTMENTS

None.

SUPPORT/OPPOSITION²

Support: California Community Colleges Chancellor's Office; California State Students Association.

Opposition: None

VOTES

	Date	Yes	No
Assembly Floor	05/15/14	78	1
Senate Floor	07/03/14	35	0

LEGISLATIVE STAFF CONTACT**Contact****Work**

Marybel Batjer, Agency Secretary, CalGovOps	916-651-9024
Nancy Farias, Deputy Secretary for Legislation, CalGovOps	916-651-9373
Selvi Stanislaus, Executive Officer, FTB	916-845-4543
Gail Hall, Legislative Director, FTB	916-845-6333

² According to the 06/13/14 Senate Governance and Finance Analysis