

SUMMARY ANALYSIS OF AMENDED BILL

Author: Gorell, et al. Analyst: Narinder Dosanjh Bill Number: AB 2323
 Related Bills: See Prior Analysis Telephone: 845-5275 Amended Date: May 15, 2014
 Attorney: Bruce Langston Sponsor: _____

SUBJECT: Olympic or Paralympic Prizes and Awards Exemption

SUMMARY

This bill would provide an exclusion from gross income under Personal Income Tax Law.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 15, 2014, amendments added multiple coauthors, modified the operative date, added a sunset date, and modified the provisions discussed in this analysis. As a result of the amendments, the “Effective/Operative Date,” “This Bill,” and “Economic Impact” sections have been revised and several technical concerns have been identified. The remainder of the analysis of the bill as amended March 20 & 27, 2014, still applies.

Summary of Suggested Amendments

Amendments 1 through 5 have been provided to correct the operative date and repeal date language.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and specifically operative for taxable years beginning on or after January 1, 2014, and on or before December 31, 2021, and would apply to medals, prize money, and honoraria received on or after January 1, 2014.

ANALYSIS

THIS BILL

For each taxable year beginning on or after January 1, 2014, and on or before December 31, 2021, this bill would exclude from gross income the value of any medal given by the International Olympic Committee, and any prize money or honoraria received from the U.S. Olympic Committee on account of the Olympic or Paralympic Games.

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| Asst. Legislative Director | Date | | | | | | |
| Rachel Hallgren | 5/22/14 | | | | | | |
| For Jahna Carlson | | | | | | | |

This exclusion would be repealed by its own terms as of January 1, 2022, unless a later enacted statute deletes or extends that date.

IMPLEMENTATION CONSIDERATIONS

Implementing this bill would require some changes to existing tax forms, instructions, and information systems, which could be accomplished during the normal annual update.

TECHNICAL CONSIDERATIONS

This bill specifies an operative date for taxable years beginning on or after January 1, 2014, and on or before December 31, 2021. Tax provisions typically have an ending operative date of January 1 of the specified year.

Further, this bill provides a repeal date of January 1, 2022. Tax provisions typically contain repeal dates of December 1 in order to include fiscal year taxpayers.

Subdivision (b) is unnecessary and should be removed from the bill.

Amendments 1 through 5 have been provided to correct the operative date and repeal date language.

FISCAL IMPACT

This bill would not impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

| Estimated Revenue Impact of AB 2323 As Amended May 15, 2014 Assumed Enactment After June 30, 2014 (\$ in Dollars) | | |
|--|------------|------------|
| 2014-15 | 2015-16 | 2016-17 |
| - \$8,000 | - \$50,000 | - \$30,000 |

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

SUPPORT/OPPOSITION¹

Support: 5 individuals; United States Olympic Committee

Opposition: None on file.

LEGISLATIVE STAFF CONTACT

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¹ As noted in the Assembly Revenue and Taxation Committee Analysis of AB 2323 dated May 12, 2014.

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PROPOSED AMENDMENTS TO AB 2323
AS AMENDED May 15, 2014

AMENDMENT 1

On page 2, line 4, strikeout "on or"

AMENDMENT 2

On page 2, line 4, strikeout "December 31, 2021" and insert:
"January 1, 2022."

AMENDMENT 3

On page 2, line 12, strikeout "January 1" and insert:
"December 31, 2022,"

AMENDMENT 4

On page 2, line 14, strikeout "January 1" and insert:
"December 31, 2022,"

AMENDMENT 5

On page 2, strikeout lines 10 and 11 in their entirety.