

SUMMARY ANALYSIS OF AMENDED BILL

Author: Ting Analyst: Michelle Chan Bill Number: AB 232
 Related Bills: See Prior Analysis Telephone: 845-6805 Amended Date: May 6, 2013
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Gun Buyback Program Credit

SUMMARY

This bill would create a credit under the Personal Income Tax Law (PITL) for a gun or assault weapon that is either surrendered or sold to local law enforcement in a gun buyback program.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 6, 2013, amendments modified the operative dates, changed the allowed credit amounts, and removed the provisions that would have allowed a credit under the Corporation Tax Law (CTL) for monetary contributions to a gun buyback program. As a result of the amendments, one of the department’s policy concerns discussed in the department’s analysis of the bill as amended April 2, 2013, was resolved. The “Effective/Operative Date,” “This Bill,” and “Economic Impact” sections have been revised. The remainder of the department’s analysis of the bill as amended April 2, 2013, still applies. The “Implementation Considerations,” “Fiscal Impact,” and “Policy Concerns” sections have been restated for convenience.

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 before January 1, 2017.

ANALYSIS

THIS BILL

This bill would allow a credit under the PITL in an amount equal to \$250 for a handgun, shotgun and rifle, and \$500 for an assault weapon in working condition that is either surrendered without consideration or sold to local law enforcement in a gun buyback program during the taxable year, not to exceed \$1,000 per taxable year.

Board Position:	Acting Asst. 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	Jahna Carlson	5/9/13

The taxpayer would be required to keep a record of the type of handgun, shotgun, rifle, or assault weapon surrendered or sold to local law enforcement, the number surrendered or sold, the name, address, and date of the buyback program or any other information the Franchise Tax Board (FTB) may prescribe by regulation. This record would be furnished to the FTB upon request.

The FTB would be allowed to promulgate rules and regulations as necessary or appropriate to implement the provisions of the bill while exempting these rules and regulations from the normal rulemaking requirements of the Administrative Procedures Act.

This credit would be in lieu of any other credit or deduction that would have been allowed for the surrender of a specified firearm.

Any unused credit may be carried over to reduce tax for the following two years if necessary, until the credit is exhausted.

This tax credit would be repealed by its own terms as of December 1, 2017.

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 would allow a credit for handguns or assault rifles that are in working order and are surrendered to law enforcement. While the bill does require the taxpayer to keep records of the transaction, the bill fails to require that the information be certified by the law enforcement agency that received the firearms. Without certification, it would be difficult for the department to determine whether the criteria specified in this bill was met by the taxpayer, which could lead to disputes between taxpayers and the department.

This bill uses terms and phrases that are undefined, i.e., "handgun," "shotgun," "rifle," "assault weapon," "working condition." The absence of definitions to clarify these terms could lead to disputes with taxpayers and would complicate the administration of this credit.

FISCAL IMPACT

This bill would require a calculation for the credit that could require new forms or worksheets to be developed. As a result, this bill could impact the department's printing, processing, and storage costs for tax returns. The additional costs will be developed as the bill moves through the legislative process.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of AB 232 As Amended May 6, 2013 For Taxable Years Beginning On or After January 1, 2014 and before January 1, 2017 Assumed Enactment After June 30, 2013 (\$ in Millions)		
2013-14	2014-15	2015-16
-\$4.6	-\$9.2	-\$11.0

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

POLICY CONCERNS

Anonymity and the “no questions asked” policies of many gun buy-back programs may be a critical factor to success. This bill’s record-keeping requirements could inadvertently reduce participation in these programs.

There could be a variety of used guns that can be purchased for less than \$500 or assault weapons for less than \$1,000. This bill could inadvertently incentivize purchases of inexpensive firearms for the purpose of generating a tax credit that exceeds the purchase price of the firearm.

LEGISLATIVE STAFF CONTACT

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